



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON HYDE
Chief Engineer and General Manager

February 28, 2019

Boards of Directors
County Sanitation District No. 27 and
Newhall Ranch Sanitation District
of Los Angeles County

Directors:

The enclosed consolidated agenda includes the following items for the regular meetings of the Boards of Directors of District No. 27 and Newhall Ranch Sanitation District meeting Tuesday, March 12, 2019.

1. Minutes. (3 and 5) Copies of the minutes have been provided to each of the Directors.
2. District Expenses. (3 and 5) Local District expenses represent costs incurred for operations, maintenance, and capital projects that are the sole responsibility of the individual District. Each District's share of allocated expenses represents its proportionate share of expenditures made by District No. 2, the Administrative District, on behalf of the individual districts that are parties to the Joint Administration Agreement. That agreement provides for the joint administration and technical support of the 24 County Sanitation Districts of Los Angeles County (the "Districts"), and requires District No. 27 and Newhall Ranch Sanitation District to each pay 0.01 percent of the joint administration costs. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

District No. 27 –

Local District Expenses:

Operations & Maintenance (O & M)	\$11,844.84
Capital	4,278.81

District No 27's Share of Allocated Expenses for O & M and Capital

Joint Administration	<u>928.22</u>
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Total Expenses	<u>\$17,051.87</u>
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Newhall Ranch Sanitation District –

Local District Expenses:

Operations & Maintenance (O & M)	\$ 69,468.29
Capital	70,832.45

Newhall Ranch Sanitation District's Share of Allocated Expenses for O & M
and Capital

Joint Administration	<u>928.22</u>
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Total Expenses	<u>\$141,228.96</u>
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3. Comprehensive Annual Financial Report (CAFR). (3 and 5) Copies of the Districts' CAFR for the fiscal year ending June 30, 2018, which includes the annual audit required by state and federal laws, have been previously mailed to the Directors. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship and to protect financial and facility assets through prudent investment and maintenance programs.

Very truly yours,

Grace Robinson Hyde

GRH:drs
Enclosures

Notice and Agenda

REGULAR MEETINGS — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 27/
NEWHALL RANCH SANITATION DISTRICT

To be held in the HEARING ROOM
OF THE BOARD OF SUPERVISORS
Kenneth Hahn Hall of Administration, Los Angeles, California

TUESDAY	March 12, 2019	At 9:30 A.M.
BARGER	KUEHL	HAHN (Chairperson)
		RIDLEY-THOMAS
		SOLIS

1. Recommendation: Approve minutes of the regular meetings held December 11, 2018 (both Districts)
2. Recommendation: Approve October, November, December 2018 expenses in total amounts of \$17,051.87 (District No. 27) (3) and \$141,228.96 (NRSD) (5)
3. Recommendation: Receive and order filed the [*Comprehensive Annual Financial Report*](#) (CAFR) for fiscal year ending June 30, 2018 (Both Districts)

Adjourn

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Year Ended: June 30



Comprehensive Annual Financial Report

converting
WASTE
into
RESOURCES

Los Angeles County, California

MISSION

To protect public health and the environment through innovative and cost-effective wastewater and solid waste management and, in doing so, convert waste into resources such as recycled water, energy, and recycled materials.

CORE VALUES



INTEGRITY

We are committed to ethical standards and accountability in our work

LEADERSHIP

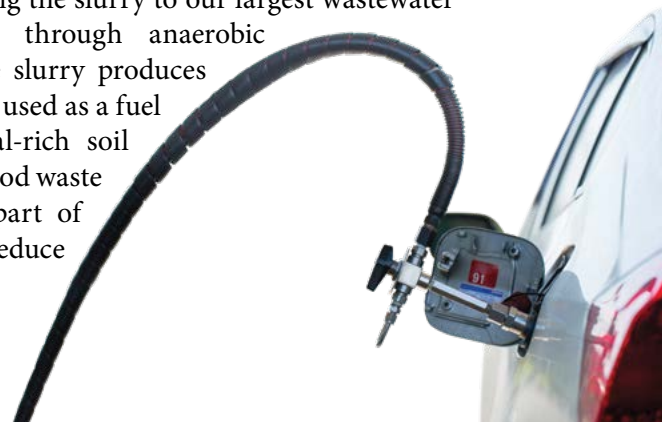
We are committed to the advancement of excellence in wastewater and solid waste management

SERVICE

We are committed to reliable, responsive, and courteous service



The Sanitation Districts have begun an important program that diverts food waste from landfills and converts it into a resource. This program involves accepting separated food waste from restaurants and grocers, processing that food waste into a slurry, and delivering the slurry to our largest wastewater treatment plant. There, through anaerobic digestion, the food waste slurry produces biogas (which can then be used as a fuel for vehicles) and mineral-rich soil amendments. Diverting food waste from landfills is a key part of California's strategy to reduce greenhouse gas emissions.



Sanitation Districts of Los Angeles County, California

Comprehensive Annual Financial Report

Year Ended: June 30, 2018

Prepared by the Accounting Section

Mr. Alan C. Nyberg
Chief Accountant

Financial Management Department

Sanitation Districts of Los Angeles County

Comprehensive Annual Financial Report

June 30, 2018

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SINGLE AUDIT

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Materials Recovery Facility

Source-separated food waste is delivered to the Puente Hills Material Recovery Facility.





Converting Waste Into Resources

December 31, 2018

Boards of Directors
Sanitation Districts of Los Angeles County

Directors:

In accordance with the California Government Code, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the Sanitation Districts of Los Angeles County for the fiscal year ended June 30, 2018. The CAFR contains a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards.

This report consists of representations by Districts' management concerning the finances of the Districts. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management has established a comprehensive internal control framework that is designed to ensure that the assets of the Districts are adequately protected from loss, theft, or misuse, and that sufficient reliable information is compiled for the preparation of the Districts' financial statements in conformance with accounting principles generally accepted in the United States of America. Recognizing that the cost of internal controls should not outweigh their benefits, the Districts' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Districts' financial statements have been audited by Moss, Levy & Hartzheim, LLP, a firm of licensed certified public accountants. The independent auditor concluded that the Districts' financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) can be found immediately following the report of the independent auditors and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

INTRODUCTION

Profile of the Districts

S E R V I N G
5.6 million people **850** square miles **78** cities

The Sanitation Districts of Los Angeles County are a confederation of 24 independent special districts created under the County Sanitation District Act, California Health & Safety Code Section 4700, et seq., to provide sanitation services. The Districts provide environmentally sound, cost-effective wastewater and solid waste management to approximately 5.6 million people in Los Angeles County. The Districts' service area covers approximately 850 square miles and encompasses 78 cities and unincorporated territory within the County, excluding the majority of the City of Los Angeles.

Each District is governed by a Board of Directors generally comprised of the mayors of the cities within the Districts' boundaries and the chair of the County Board of Supervisors for unincorporated territory. The Boards are responsible for, among other things, adopting budgets, establishing user charges, and establishing policies. All of the Districts, under the terms of the Amended Joint Administration Agreement, are served by one administrative staff, led by the Chief Engineer & General Manager and the Assistant Chief Engineer & Assistant General Manager. The Districts employ nearly 1,700 full-time monthly and hourly employees, organized into seven departments. The workforce is diverse, with the largest concentration of employees serving in the operation and maintenance of the Districts' wastewater and solid waste management facilities.



One of the nearly 1,700 dedicated employees serving the wastewater and solid waste needs of Los Angeles County.

The wastewater management system consists of approximately 1,400 miles of main trunk sewers, 48 pumping plants, 11 wastewater treatment plants, and one biosolids composting facility. Through a Joint Powers Agreement, the Districts also participate in the operation of a second biosolids composting facility. The wastewater management system currently conveys and treats approximately 390 million gallons per day (mgd) of wastewater, of which approximately 135 mgd of the treated wastewater is available for reuse.

The solid waste management system, with the Districts acting either as owners or operators, consists of two active sanitary landfills, one recycling center, three materials recovery/transfer facilities, two gas-to-energy facilities, and four closed sanitary landfill sites maintained by the Districts. The Districts have also developed a waste-by-rail system consisting of one remote landfill and two intermodal facilities. The waste-by-rail system remains in standby mode while more cost-effective landfill capacity is available in the region. Through a Joint Powers Agreement, the Districts have participated in the development and implementation of two refuse-to-energy facilities, one of which ceased operation in June 2018. The solid waste management facilities process an average of 6,200 tons per day of refuse and recyclable materials.



Hiking trails created by the Puente Hills Habitat Preservation Authority run through our retired landfill.

The Districts have entered into six Joint Powers Agreements that form the basis of the following authorities: (1) the Southern California Coastal Water Research Project Authority; (2) the Commerce Refuse-to-Energy Authority; (3) the Southeast Resource Recovery Facility Authority; (4) the Puente Hills Habitat Preservation Authority; (5) the Inland Empire Regional Composting Authority; and (6) the Los Angeles County Sanitation Districts Financing Authority. The governing bodies of these authorities are appointed pursuant to each of the Joint Powers Agreements. Except as discussed below, the budgeting and financing functions are maintained by the individual authorities.

Los Angeles County Sanitation Districts Financing Authority

The Los Angeles County Sanitation Districts Financing Authority was created on April 14, 1993, by the 22 active Districts for the sole purpose of facilitating the issuance of long-term debt on behalf of the member Districts. It has no daily operations and does not conduct business on its own behalf. Since the Financing

Authority’s governing body is comprised of the chairs of the member Districts’ Boards of Directors and because the Financing Authority provides services only to the Districts, the Financing Authority’s financial activities have been consolidated with the Districts’ financial activities for financial reporting purposes and are included in this CAFR.

Budgets

Each District annually adopts a wastewater budget that outlines the major elements of the forthcoming fiscal year’s operating and capital programs. From that, management allocates the funds necessary for the next year’s specific activities and projects. Additionally, an annual budget is prepared for solid waste management activities. The annual operating budgets serve as a basis for monitoring financial progress and determining future wastewater and solid waste user rates. During each fiscal year, operating and capital programs may be amended as circumstances dictate. The wastewater and solid waste management budgets for fiscal year 2017-18 were \$630 million and \$139 million, respectively. Actual expenditures for wastewater and solid waste management were \$516 million and \$157 million, respectively.

GENERAL FACTORS IMPACTING ECONOMIC CONDITION

Overview of Los Angeles County

The County’s population and economy has been relatively stable in recent years, and a trend of modest growth is expected to continue. Population has increased 5.0% since 2010, with forecasts by the California Department of Finance showing an expected additional population increase of 4.5% over the next ten years. Per capita personal income has increased 36% during the past 10 years. A table showing more economic indicators is provided in Schedule 19 of the Statistical Section.

Figure 1
L.A. County Economic Employment Sectors
2018

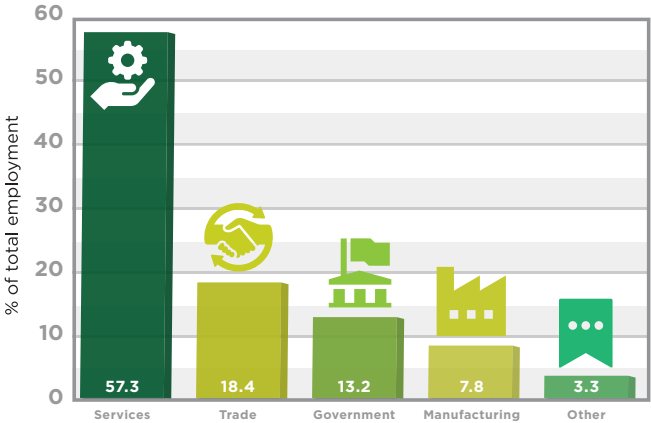
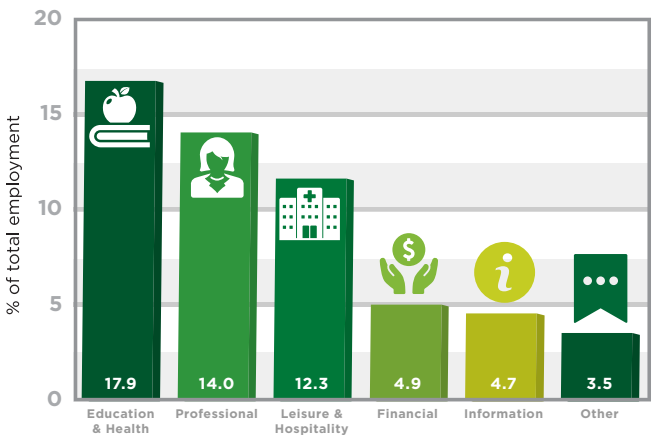


Figure 2
L.A. County Service Employment Sectors
2018



Source: U.S. Department of Labor, Bureau of Labor Statistics

Historically, the job market in Los Angeles has been very diverse, with no one sector being dominant. However, as seen in Figure 1, that is no longer the case, as now more than half of the jobs in Los Angeles County fall within the broad category of “Services.” Figure 2 provides a breakdown of the services into focused groups within that sector. During fiscal year 2017-18, the unemployment rate dropped from 5.3% at the beginning of the year to 4.8% by year’s end. This translates to more than 13,000 new jobs, an increase of 0.3% over the preceding year. The majority of this growth, in terms of total numbers, was concentrated in the



A prototype of the boring machine that will dig the nearly 7-mile-long Clearwater tunnel.

services sector, with the most significant increases being seen in education/health and information. The construction sector also saw a similar percentage increase, reflecting the continued recovery of the building industry. According to the Los Angeles County Economic Development Corporation, education/health services, administrative support, and leisure/hospitality will see the most job growth over the next few years.

WASTEWATER SYSTEM

Operational Undertakings and Capital Projects

Treated effluent from the Joint Water Pollution Control Plant (JWPCP) in Carson is conveyed to the ocean through two tunnels, one completed in 1937 and the other in 1958. Both tunnels have had continual flow in them since they were placed into operation and cannot be taken out of service under any condition. A new tunnel (the Clearwater Project) will ensure the overall reliability of the effluent disposal system and allow the

existing tunnels to be taken out of service and rehabilitated as necessary. Construction of the tunnel, with an estimated cost of \$700 million, will take approximately 6.5 years, beginning in 2019.

In January 2017, the Districts commenced construction of a flow equalization project at the San Jose Creek Water Reclamation Plant (WRP) that will enhance the treatment process, provide for more reliable operations at higher wastewater flows, and make more recycled water available to reusers during peak demand periods. The project will cost approximately \$50 million, with \$3 million coming from a Proposition 84 grant and \$14.8 million coming from a Proposition 1 grant. The Districts have been awarded loans totaling \$29.3 million to supplement the grants. Construction is anticipated to be completed in 2020.

The Santa Clarita Valley Sanitation District owns and operates the Saugus and Valencia WRPs, which discharge their tertiary-level treated effluent to the Santa Clara River. In 2007, the District received a regulatory mandate from the Los Angeles Regional Water Quality Control Board to reduce chloride levels in treated effluent entering the river. As the first step in complying with the new standard, the District prepared a Facilities Plan and an Environmental Impact Report (EIR) (together the Chloride Compliance Plan), which was approved and certified by the District's Board of Directors on October 28, 2013. The Plan consisted of two parts, a Chloride Compliance Project and a Recycled Water Project. The Chloride Compliance Project, consisting of ultra-violet light (UV) disinfection at both the Saugus and the Valencia WRPs and advanced water treatment facilities at the Valencia WRP, will cost approximately \$130 million. Design of the Chloride Compliance Project was scheduled for completion in 2017; however, following legal challenges, the Los Angeles County Superior Court ruled that additional environmental analysis had to be performed to assess potential impacts of reducing discharge to the river to support water recycling on an endangered fish. The Court found no deficiencies in the analysis of the Chloride Compliance Project, but nevertheless halted all design work until the additional environmental analysis could be performed. To minimize the



Recycled water from the Saugus and Valencia WRPs is vital to maintaining sensitive habitats in the Santa Clara River.

risk of fines to ratepayers due to the strict schedule imposed by the State, the District opted to advance the Chloride Compliance Project and to pursue the Recycled Water Project separately. The District certified a Recirculated EIR for Chloride Compliance on August 28, 2017, and obtained Court approval to restart the Chloride Compliance Project. On May 25, 2018, the District approved the final plans and specifications for the UV disinfection facilities and called for bids. Construction contracts were subsequently awarded for the UV disinfection facilities on August 9, 2018. At the same meeting, the District approved final plans and specifications for the advanced water treatment facilities and called for bids. Startup of all facilities is expected by late 2020. To fund the Chloride Compliance Project, the Board, in 2014, approved a series of service charge rate increases. Additionally, the District has secured \$7.5 million in Proposition 84 grant funding for the UV disinfection facilities. In the State Water Resources Control Board's Intended Use Plan for SRF loans, the District is shown as qualifying for \$76 million in loans, with \$8 million of that amount being eligible for principal forgiveness.

Water Conservation, Wastewater Flows, and Water Reuse

California's water supply continues to be a concern due to projected population increases and extended periods of drought. Although recent drought impacts were somewhat eased by above normal rainfall totals in the winter of 2016, many of the water conservation measures that were previously implemented have been kept in place. Residents and businesses are also continuing with their water conservation efforts, not only with landscape irrigation, but with indoor water uses as well. The reduction of



Restored by the Sanitation Districts, the Bixby marshland is a 17-acre wetlands located in an urban environment.

indoor water use results in less wastewater going into the sewer system, meaning that less recycled water will be available for beneficial reuse applications at a time when there is increased interest in new recycled water projects. This trend has significantly impacted all of the Districts' WRPs, with a 31% decrease in recycled water production from a peak of 199 mgd in fiscal year 2000-01 to 135 mgd in 2017-18.

The Districts are continuing to evaluate ways to manage flows that take into consideration this new reality while maintaining their commitment to recycled water programs. In addition to the previously discussed flow equalization project at the San Jose Creek WRP, new projects are being considered that would further displace the use of imported water with recycled water and, at the same time, give consideration to the need to maintain sensitive habitat areas downstream of the Districts' WRPs. New irrigation and industrial reuse sites continue to be added to the extent feasible. In fiscal year 2017-18, roughly 70% of the recycled water produced was beneficially reused, with almost half of that going to recharge groundwater basins. In total, approximately 94 mgd of recycled water was used at 895 different sites.

Efforts are underway to expand groundwater recharge. In late 2015, the Districts and the Metropolitan Water District (MWD) entered into an agreement to develop a potential regional recycled water program with the goal of producing up to 150 mgd (168,000 acre feet per year) of advanced treated water from the Districts' JWPCP for groundwater recharge. Construction of a 0.5 mgd demonstration plant started in October 2017 and is scheduled to be completed in early 2019. If the demonstration plant is successful, MWD is proposing to build a new purification plant adjacent to JWPCP, along with distribution lines, that would help replenish groundwater basins in Los Angeles and Orange counties.



Co-sponsored by Grades of Green, the Trash Free Lunch Program teaches kids about waste management.

The Districts have also been working with the Water Replenishment District of Southern California on the Groundwater Reliability Improvement Program, which would produce 10,000 acre feet per year of advanced treated water for replenishment of the Central Groundwater Basin. Construction of the advanced treatment plant began in 2016 and is scheduled to be completed in late-2018. The Districts also continue to work with the Upper San Gabriel Valley Municipal Water District on plans to use recycled water for replenishment of the Main San Gabriel Groundwater Basin, and are also working with the Palmdale Water District on a project to recharge groundwater with recycled water in the Antelope Valley.

User Charge Rates and Funding

All of the Districts that have implemented a service charge program have adopted rates through at least fiscal year 2018-19. The rates were enacted pursuant to Section 5471 of the California Health and Safety Code and Article XIII D of the State Constitution (Proposition 218), following an extensive public outreach program and a formal public hearing. As it becomes necessary to increase rates over time, the Districts will go through the same process again before adopting multi-year rate ordinances. A table reflecting each District’s 10-year service charge rate history is provided in Schedule 8 of the Statistical Section. Overall, the Districts’ rates remain very favorable when compared to similar agencies.

In the spring of 2017, nearly all of the Joint Outfall Districts adopted four-year rate ordinances covering fiscal years 2017-18 through 2020-21. Rate increases enacted by these ordinances were driven by the need to upgrade treatment facilities and infrastructure, to comply with increasingly stringent regulatory requirements, and to continue a phased approach to replenishing reserves to targeted levels. The average increase was approximately \$3.80 per year per single-family home.

In 2014, the Santa Clarita Valley Sanitation District adopted a 6-year rate ordinance, covering fiscal years 2014-15 through 2019-20 in support of the Chloride Compliance Project. The rates were designed so that the rate in fiscal year 2019-20 would provide sufficient debt coverage for repayment of the SRF loans scheduled to begin the following year. The average annual increase over the 6-year period is \$20.50 per single-family home.

In June 2015, District No. 14 adopted a 4-year rate ordinance, covering fiscal years 2015-16 through 2018-19. This was done in anticipation of the District issuing its Capital Projects Revenue Bonds, 2015 Series A in July 2015 for the purpose of refunding its then-outstanding Capital Projects Revenue Bonds, 2005 Series B. Because the refunded bonds had a significantly lower debt service, the service charge rate was reduced by \$20 per single-family home in fiscal year 2015-16 and then held constant the remaining three years.

In June 2015, District No. 20 adopted a 4-year rate ordinance, covering fiscal years 2015-16 through 2018-19. In November 2016, the District issued its Capital Projects Revenue Bonds, 2016 Series A in order to refund its then-outstanding Capital Projects Revenue Bonds, 2005 Series A and 2007 Series A, and to prepay an existing SRF loan. The lower debt service allowed the Board to adopt a revised service charge rate ordinance, keeping the rate the same in fiscal year 2017-18 as it was in 2016-17 and only increasing the rate by \$10 per single-family home in fiscal year 2018-19.



The Districts have aggressively pursued SRF loans offered by the State of California, which provide wastewater agencies 100% of eligible capital construction costs at an interest rate equal to one half of the State's current general obligation bond for a period of 30 years, to supplement the financing of capital upgrades. During fiscal year 2017-18, the Districts received approximately \$33.6 million in SRF loans and \$1.3 million in Proposition 1 loans. In addition to the SRF loans, the Districts also received \$3.4 million in Proposition 84 grant funding.

SOLID WASTE SYSTEM

Operational Undertakings and Capital Projects

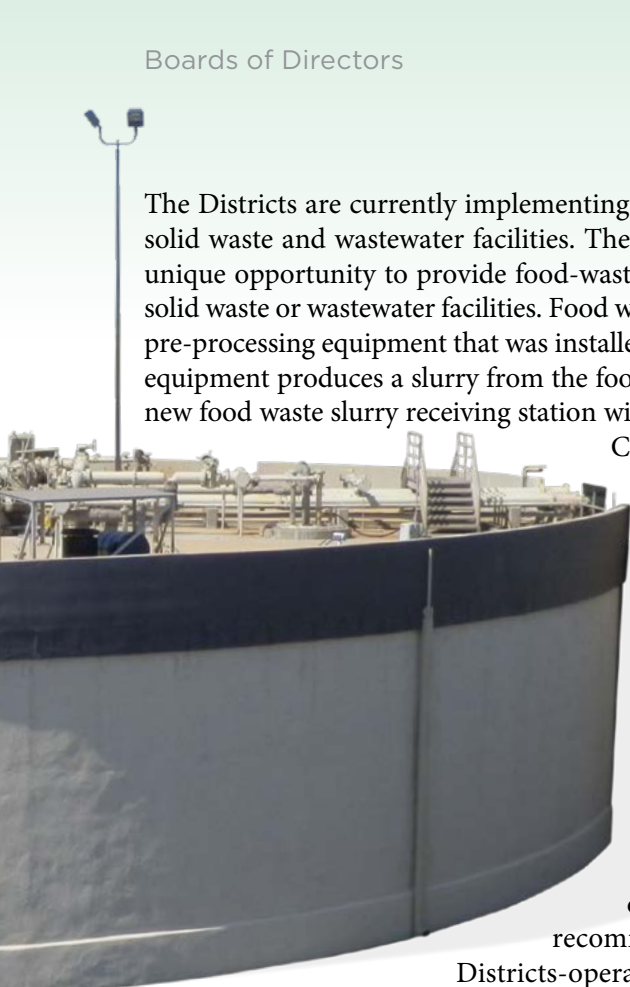
In the area of solid waste management, the Districts are continuing to expand their efforts to recycle materials such as fibers, metal, wood, plastics, green waste, and food waste. In response to a number of State laws increasing requirements on recycling, including AB 341, which increased the statewide recycling goal from 50 to 75 percent, the Districts have been implementing a number of projects to assist member cities and the County with programs and facilities needed for compliance with the new laws. These include a new materials recovery equipment system (sorting line) at the Puente Hills Materials Recovery Facility (MRF) using the latest recycling equipment technology capable of processing mixed waste and commingled recyclables, and extracting organics for separate processing. The new sorting line will be fully automated with three times the processing capacity of the current system and will produce higher quality recyclables. Construction on the new line, at an estimated cost of \$25 million, will begin in October 2018 and is projected to be completed in November 2019. The new sorting line will be capable of processing approximately 500 tons per day of mixed waste and commingled recyclables.

The new materials recovery equipment system at Puente Hills MRF will be critical for meeting the more stringent material quality standards imposed on recyclables over the past year. The higher quality standards are the result of mandates by foreign governments, mainly China, which take the majority of curbside recyclable material from California. In July 2017, the Chinese government notified the World Trade Organization that it would no longer allow importation of 24 types of recycled material and would increase their quality standards for other recycled materials. The Chinese government is calling this ban the "National Sword 2017" which went into effect at the end of 2017. China is the world's largest importer of recyclables and imports more than 60 percent of California's recyclables. Until now, China has consistently offered the best pricing due to low shipping rates from the Ports of Long Beach and Los Angeles. Since National Sword 2017 came into effect, the Districts have seen commodities prices of fibers, such as cardboard and mixed paper, drop by half. It has also made some material such as scrap plastic worthless. It has required the Districts modify their recyclables processing practices to ensure the resulting commodities are much higher quality. There is no indication that the Chinese government will relax these higher standards anytime soon.



A new sorting line will improve efficiency and increase the purity of recyclables.

The State passed several laws recently requiring the diversion of organic waste away from landfills. These laws include SB 1383, which requires a 50 percent reduction in disposal of organics by 2020 and a 75 percent reduction in disposal of organics by 2025. Food waste makes up approximately half of the organic waste stream, and currently there are few facilities in Los Angeles County capable of recycling food waste.



The Districts are currently implementing three new projects to recycle food waste using a combination of solid waste and wastewater facilities. The Districts own both types of facilities, a situation that provides a unique opportunity to provide food-waste recycling services since most entities/agencies only have either solid waste or wastewater facilities. Food waste processing initially started at the Puente Hills MRF using new pre-processing equipment that was installed in late 2017/early 2018 and started operating in April 2018. This equipment produces a slurry from the food waste, which is then transported by tanker trucks to JWPCP. A new food waste slurry receiving station will be constructed at JWPCP to pump the slurry into five digesters.

Construction of the new slurry receiving station is expected to start in spring of 2019 and be completed in fall of 2020. The third new project is construction of a biogas conditioning system that will process the additional digester gas produced from the food waste. This project is expected to be operational in late 2020. The combined cost for both projects is \$20 million. The additional gas will be used at the Districts' Compressed Natural Gas Facility currently in operation at the JWPCP

Tipping Fee Rates

The Board of Directors of District No. 2 sets solid waste disposal tipping fees by ordinance for Districts-operated facilities, except for the Calabasas Landfill, for which rates are set by the Board of Supervisors of Los Angeles County after discussion with and recommendations by the Districts. On July 1, 2018, rates at several

Districts-operated facilities (Puente Hills MRF, Downey Area Recycling and Transfer Facility, and South Gate Transfer Station) were increased to account for higher operating and maintenance costs and the need to replace aging equipment. The increases were needed to offset increased disposal and transportation costs at Orange County landfills, increased labor costs due to the increase in minimum wage, replacement of aging recycling equipment, and significant stormwater improvement projects required under the new stormwater permits issued by the State.

STORMWATER

In 2015, SB 485 expanded the Districts' authority to include the ability to assist local jurisdictions with stormwater and urban runoff projects. The legislation, which was signed by the governor on October 10, 2015, gives the Districts the authority to acquire, construct, operate, and maintain facilities to divert, manage, discharge, and beneficially use stormwater and dry weather runoff from the stormwater drainage system. The Districts will provide these services to cities on a case-by-case, reimbursable basis.

During fiscal year 2017-18, the Districts continued work under a Stormwater Services Agreement with the City of Carson to assist the city with designing, permitting, and constructing a project at Carriage Crest Park in Carson. The project will divert stormwater from the storm drain to storage facilities underneath the park and subsequently pump the captured stormwater to the sewer when capacity is available. In addition, the Districts have provided sewer capacity analyses to several entities developing or considering projects, shoreline bacteria monitoring services to Rancho Palos Verdes, and bacteria source tracking services to Palos Verdes Estates.

RELEVANT FINANCIAL POLICIES

Each District has adopted an investment policy with safety of principal as the primary objective, while simultaneously maintaining liquidity and a market rate of return on its portfolio. The Districts' investment policies are governed by and are in full compliance with the California Government Code. The Districts' Treasurer matches investments with anticipated cash flow requirements and does not invest in securities

maturing more than five years from the date of purchase unless approved by the Districts' Boards of Directors. This policy is adopted annually by the respective Boards of Directors. See accompanying Note 3 to the basic financial statements for additional information.

During fiscal year 2017-18, each District also adopted Debt Management and Wastewater Financial Reserve Policies. These two Policies, with a few exceptions, formalize the practices that have been in place for a number of years.

The Debt Management Policy is newly required by Government Code Section 8855(i) and establishes guidelines under which the Districts may take on debt. The Policy focuses on the types of debt instruments that are allowable and provides metrics that can be used to assess the Districts' level of debt. Some of those same metrics can be used to help determine appropriate service charge rates and maximize the Districts' credit rating (which provides the lowest interest rates).

The Wastewater Financial Reserve Policy formalized practices that are already embedded in budget and rate setting practices for the Wastewater System. The Policy establishes guidelines for accumulating and expending reserve funds, and ensures that funds are available in a timely manner so that the Districts can continue to provide the vital services the public requires without interruption. Reserves are also used to smooth out rates as expenditures vary from year to year. Lastly, the Policy reinforces the concept that prudent reserves guard against adverse financial impacts from unforeseen circumstances such as natural disasters or other emergencies without jeopardizing service or requiring immediate, severe rate increases.

Traditionally, the Districts' wastewater financial policies have been tailored to two groups: existing users and new users. Charges to existing users of the system fund operations and maintenance of existing facilities and construction of any necessary capital upgrades (either the rehabilitation of existing facilities or the construction of new facilities that will provide a higher level of treatment without increasing capacity). The Boards of Directors have consistently endorsed a policy whereby the costs of additional facilities necessitated by increased flows from new development are to be borne by new users, not existing users. Consequently, all of the Districts have implemented a Master Connection Fee Ordinance establishing the structure and mechanism for levying and collecting connection fees. Each District's board of directors has adopted a connection fee rate ordinance, with a rate based on the incremental cost of expansion of all facilities. A new discharger's connection fee is based on the anticipated use of the sewerage system and is levied at the time a sewer permit is issued. The connection fees are accumulated in a restricted fund and withdrawn as necessary to construct expansion-related projects.

AWARDS AND ACKNOWLEDGMENTS



Keeping the streak alive — Los Coyotes WRP staff celebrates seven consecutive years of 100% compliance.

Peer Recognition

The National Association of Clean Water Agencies Peak Performance Awards recognize member agency facilities for outstanding compliance of their National Pollutant Discharge Elimination System (NPDES) permit limits. This recognition program consists of three categories: Platinum, which recognizes facilities that have achieved 100% compliance with NPDES permit limits for five or more consecutive years; Gold, which recognizes facilities that have achieved 100% compliance with NPDES permit limits within the calendar year; and Silver, which

recognizes eligible facilities that have received no more than five NPDES permit violations within the calendar year. For calendar year 2017, the Districts received a Platinum Award for the Los Coyotes WRP; Gold Awards for the JWPCP, Lancaster WRP, Palmdale WRP, Pomona WRP, San Jose Creek WRP (West), Valencia WRP, and Whittier Narrows WRP; and Silver Awards for the La Cañada WRP, Long Beach WRP, and Saugus WRP.

In 2018, the Districts received an Honor Award for Environmental Communications from the American Academy of Environmental Engineers and Scientists (AAEES) and Outreach Project of the Year Award from the Los Angeles Basin Section of the California Water Environment Association.

Certificate of Achievement

The Districts' CAFR for the fiscal year ended June 30, 2018, has been completed by Districts' staff and audited by Moss, Levy & Hartzheim, LLP. The CAFR details all of the Districts' financial activities for the entire agency. The independent auditor concluded that the Districts' financial statements present fairly, in all material respects, the financial position of the Districts in accordance with generally accepted accounting principles. The Districts have also received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the past 34 consecutive years and have submitted this year's CAFR for consideration as well.

Acknowledgments

In submitting this 2017-18 CAFR, appreciation is expressed to all departments and personnel that participated in preparing this report, and particularly to the Accounting Section members.

Very truly yours,



Grace Robinson Hyde
Chief Engineer and General Manager



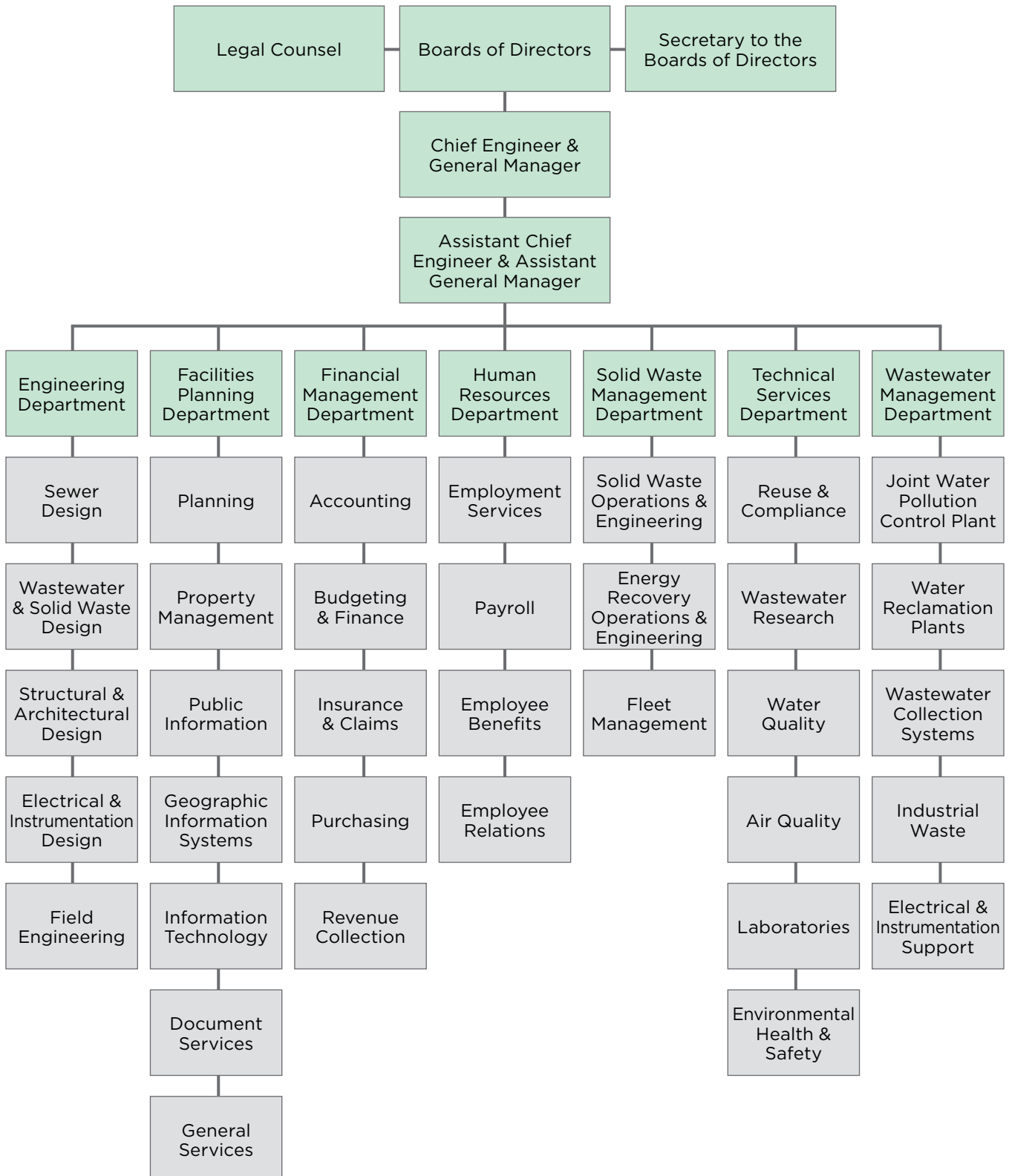
David B. Bruns
Department Head,
Financial Management Department

Board of Directors (as of June 30, 2018)

Alhambra DIST. 2, 16	Jeffrey K. Maloney; <i>Luis Ayala</i>
Arcadia DIST. 15, 22	Sho Tay; <i>Roger Chandler</i>
Artesia DIST. 2, 18, 19	Sally Ann Flowers; <i>Tony Lima</i>
Azusa DIST. 22	Joseph R. Rocha; <i>Edward J. Alvarez</i>
Baldwin Park DIST. 15, 22	Manuel Lozano; <i>Ricardo Pacheco</i>
Bell DIST. 1, 2	Fidencio Joel Gallardo; <i>Ali Saleh</i>
Bell Gardens DIST. 2	Maria Pulido; <i>Pedro Aceituno</i>
Bellflower DIST. 2, 3, 18	Raymond Dunton <i>Sonny R. Santa Ines</i>
Beverly Hills DIST. 4	Julian Gold; <i>Robert Wunderlich</i>
Bradbury DIST. 15, 22	Richard G. Barakat
Carson DIST. 8	Albert Robles; <i>Elito Santarina</i>
Cerritos DIST. 2, 3, 18, 19	Mark Pulido; <i>Grace Hu</i>
Claremont DIST. 21	Opanyi Nasiali; <i>Larry Schroeder</i>
City of Commerce DIST. 2	Oralia Y. Rebollo <i>Ivan Altamirano</i>
Compton DIST. 1, 2, 8	Aja Brown; <i>Janna Zurita</i>
Covina DIST. 22	Walter Allen III; <i>Peggy Delach</i>
Cudahy DIST. 1	Chris Garcia; <i>Cristian Markovich</i>
Culver City DIST. 5	Thomas Aujero Small; <i>Daniel Lee</i>
Diamond Bar DIST. 21	Ruth M. Low; <i>Nancy Lyons</i>
Downey DIST. 2, 18	Sean Ashton; <i>Richard Rodriguez</i>
Duarte DIST. 15, 22	John Fasana; <i>Margaret Finlay</i>
El Monte DIST. 15	Andre Quintero; <i>Victoria Martinez</i>
El Segundo DIST. 5, SBC	Drew Boyles; <i>Don Brann</i>
Gardena DIST. 5	Tasha Cerda; <i>Dan Medina</i>
Glendora DIST. 22	Mendell Thompson; <i>Judy M. Nelson</i>
Hawaiian Gardens DIST. 19	Reynaldo Rodriguez <i>Henry Trimble</i>
Hawthorne DIST. 5	Alex Vargas; <i>Haidar Awad</i>
Hermosa Beach SBC	Jeff Duclos; <i>Stacey Armato</i>
Huntington Park DIST. 1	Jhonny Pineda; <i>Karina Macias</i>
City of Industry DIST. 15, 18, 21	Mark D. Radecki <i>Cory Moss</i>
Inglewood DIST. 5	James T. Butts
Irwindale DIST. 15, 22	Mark A. Breceda; <i>Albert F. Ambriz</i>
La Cañada Flintridge DIST. 28, 34	Michael A. Davitt Jonathan C. Curtis; Teresa Walker Greg C. Brown; Leonard Pieroni
La Habra Heights DIST. 18	Roy Francis; <i>Brian Bergman</i>
La Mirada DIST. 18	Lawrence Mowles; <i>Steve De Ruse</i>
La Puente DIST. 15, 21	Violeta Lewis; <i>Dan Holloway</i>
La Verne DIST. 21, 22	Don A. Kendrick; <i>Charlie A. Rosales</i>
Lakewood DIST. 3, 19	Steve Croft; <i>Todd Rogers</i>
Lancaster DIST. 14	R. Rex Parris; <i>Ken Mann</i>
Lawndale DIST. 5	Robert Pullen-Miles; <i>Pat Kearney</i>
Lomita DIST. 5	Mark Waronek; <i>James Gazeley</i>
Long Beach DIST. 1, 2, 3, 8, 19	Robert Garcia; <i>Dee Andrews</i>
Los Angeles City DIST. 1, 2, 3, 4, 5, 8, 9, 16	Herb Wesson, Jr.; <i>Joe Buscaino</i>
Los Angeles County (unincorporated) DIST. 1, 2, 3, 5, 8, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, SCV	Sheila Kuehl; <i>Kathryn Barger</i> DIST. 27, NR Hilda Solis; Janice Hahn; Mark Ridley Thomas DIST. 9 (2nd DIR) Kathryn Barger; <i>Hilda Solis</i> DIST. 17 (2nd DIR) Kathryn Barger; <i>Janice Hahn</i>
Lynwood DIST. 1	Jose Luis Solache; <i>Edwin Hernandez</i>
Manhattan Beach DIST. 5, SBC	Amy Howorth <i>Steve Napolitano</i>
Maywood DIST. 1	Ramon Medina; <i>Ricardo Villarreal</i>
Monrovia DIST. 15, 22	Tom Adams; <i>Becky A. Shevlin</i>
Montebello DIST. 2, 15	Vanessa Delgado; <i>Jack Hadjinian</i>
Monterey Park DIST. 2, 15	Stephen Lam; <i>Peter Chan</i>
Norwalk DIST. 2, 18	Jennifer Perez; <i>Luigi Vernola</i>
Palmdale DIST. 14, 20 DIST. 20 (2nd DIR)	James C. Ledford Steven Hofbauer; <i>Austin Bishop</i>
Palos Verdes Estates DIST. 5, SBC	Betty Lin Peterson <i>Kenneth Kao</i>
Paramount DIST. 1, 2	Diane J. Martinez; <i>Daryl Hofmeyer</i>
Pasadena DIST. 15, 16, 17	Terry Tornek
Pico Rivera DIST. 2, 18	Gustavo Camacho; <i>David Armenta</i>
Pomona DIST. 21	Tim Sandoval; <i>Ginna Escobar</i>
Rancho Palos Verdes DIST. 5, SBC	Susan Brooks <i>Ken Dyda</i>
Redondo Beach DIST. 5, SBC	Bill Brand <i>Laura Emdee</i>
Rolling Hills DIST. 5	Patrick Wilson
Rolling Hills Estates DIST. 5, SBC	Britt Huff <i>Judith Mitchell</i>
Rosemead DIST. 15	Steven Ly; <i>Margaret Clark</i>
San Dimas DIST. 21, 22	Curtis W. Morris; <i>Denis Bertone</i>
San Gabriel DIST. 2, 15	John Harrington; <i>Juli Costanzo</i>
San Marino DIST. 15, 16	Steve Talt; <i>Steven Huang</i>
Santa Clarita SCV SCV (2nd DIR)	Laurene Weste; <i>Robert Kellar</i> Cameron Smyth (2nd Dir.)
Santa Fe Springs DIST. 18	Jay Sarno
Sierra Madre DIST. 15	Denise Delmar
Signal Hill DIST. 3, 29 DIST. 29	Tina Hansen Robert D. Copeland; Larry Forester Edward H.J. Wilson; Lori Y. Woods
South El Monte DIST. 15	Gloria Olmos; <i>Richard Angel</i>
South Gate DIST. 1, 2	Maria Belen Bernal; <i>Maria Davila</i>
South Pasadena DIST. 16	Michael A. Cacciotti; <i>Robert S. Joe</i>
Temple City DIST. 15	William Man; <i>Cynthia Sternquist</i>
Torrance DIST. 5, SBC	Patrick J. Furey; <i>Geoff Rizzo</i>
Vernon DIST. 1, 2, 23 DIST. 1, 2 DIST. 23	Yvette Woodruff-Perez; <i>William J Davis</i> Luz A. Martinez; Leticia Lopez William J. Davis; Melissa Ybarra
Walnut DIST. 21, 22	Mary Su; <i>Robert Pacheco</i>
West Covina DIST. 15, 21, 22	Lloyd Johnson; <i>Tony Wu</i>
West Hollywood DIST. 4	John J. Duran; <i>Lindsey P. Horvath</i>
Whittier DIST. 2, 15, 18	Joe Vinatieri; <i>Cathy Warner</i>

Alternate Directors in italics

Sanitation Districts of Los Angeles County ORGANIZATION CHART



VENTURA COUNTY

CALABASAS
LANDFILL
Calabasas Gas-to-Energy Facility


SANTA MONICA MOUNTAINS

MALIBU

SANTA MONICA BAY

LEGEND

- ACTIVE SOLID WASTE FACILITIES
- CLOSED SANITARY LANDFILLS
- WATER RECLAMATION PLANTS (WRP) and JOINT WATER POLLUTION CONTROL PLANT (JWPCP)
- OUTFALLS AND EFFLUENT LINES
- RECYCLED WATER LINES
- 14** SANITATION DISTRICT NUMBER or DESIGNATION
- ADMINISTRATION OFFICE
- GAS-TO-ENERGY FACILITIES
- REFUSE-TO-ENERGY FACILITIES
- RECYCLE CENTERS
- INTERMODAL FACILITY (IMF) and MATERIALS RECOVERY (MR) / TRANSFER FACILITIES (TF)



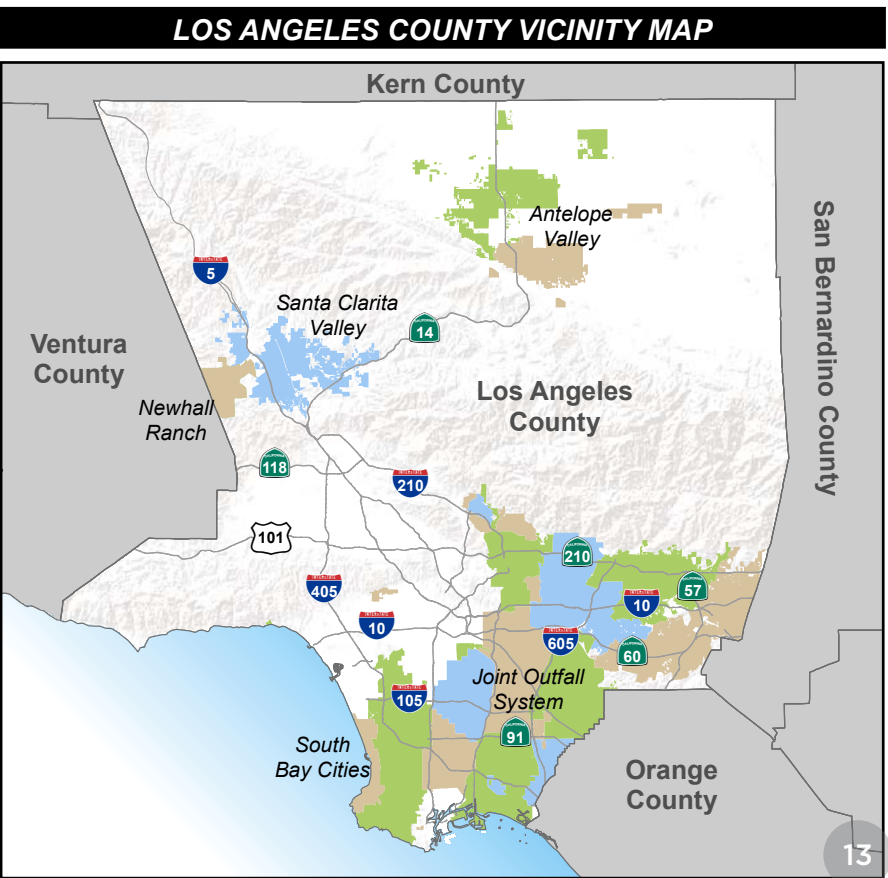
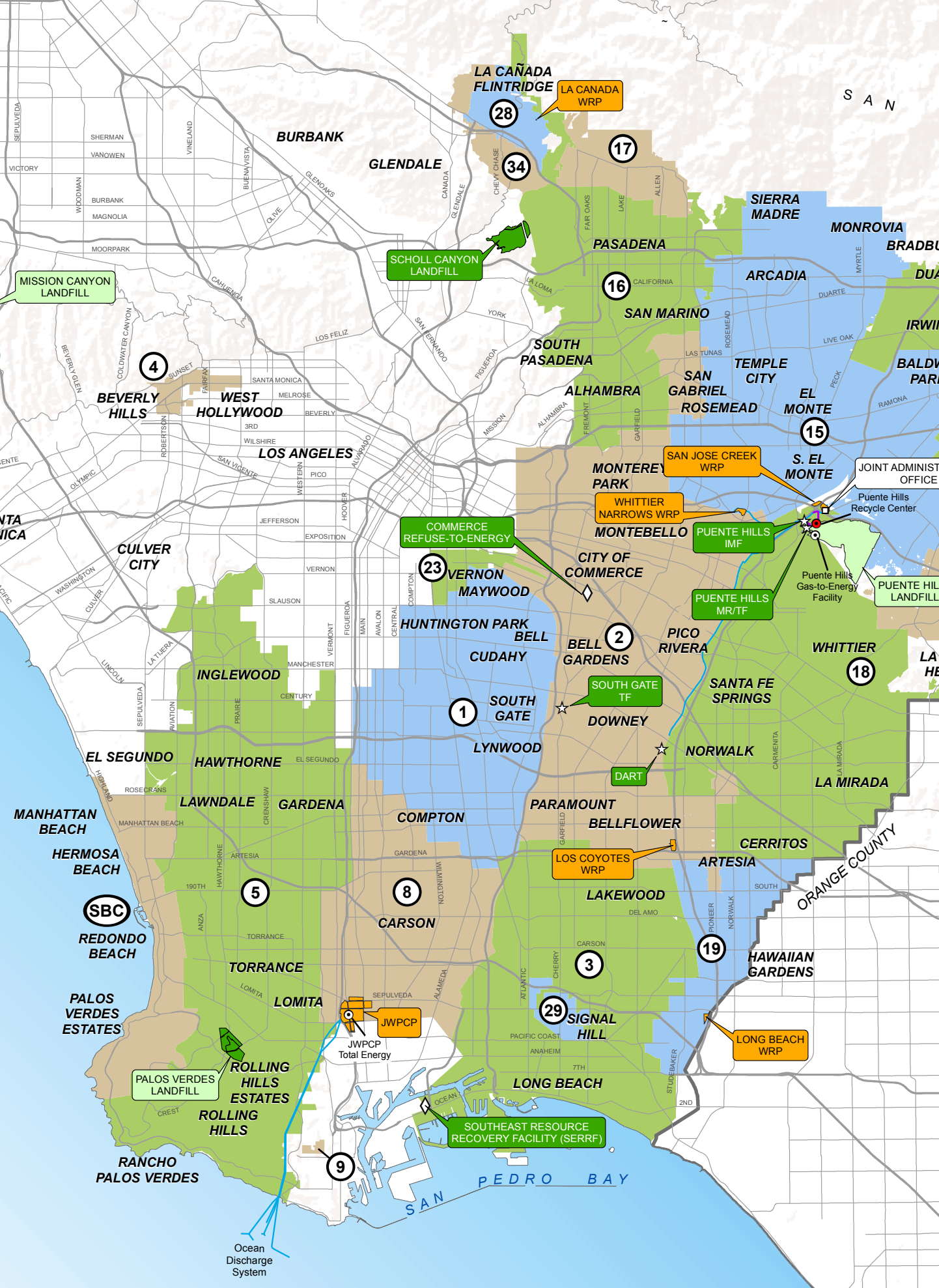
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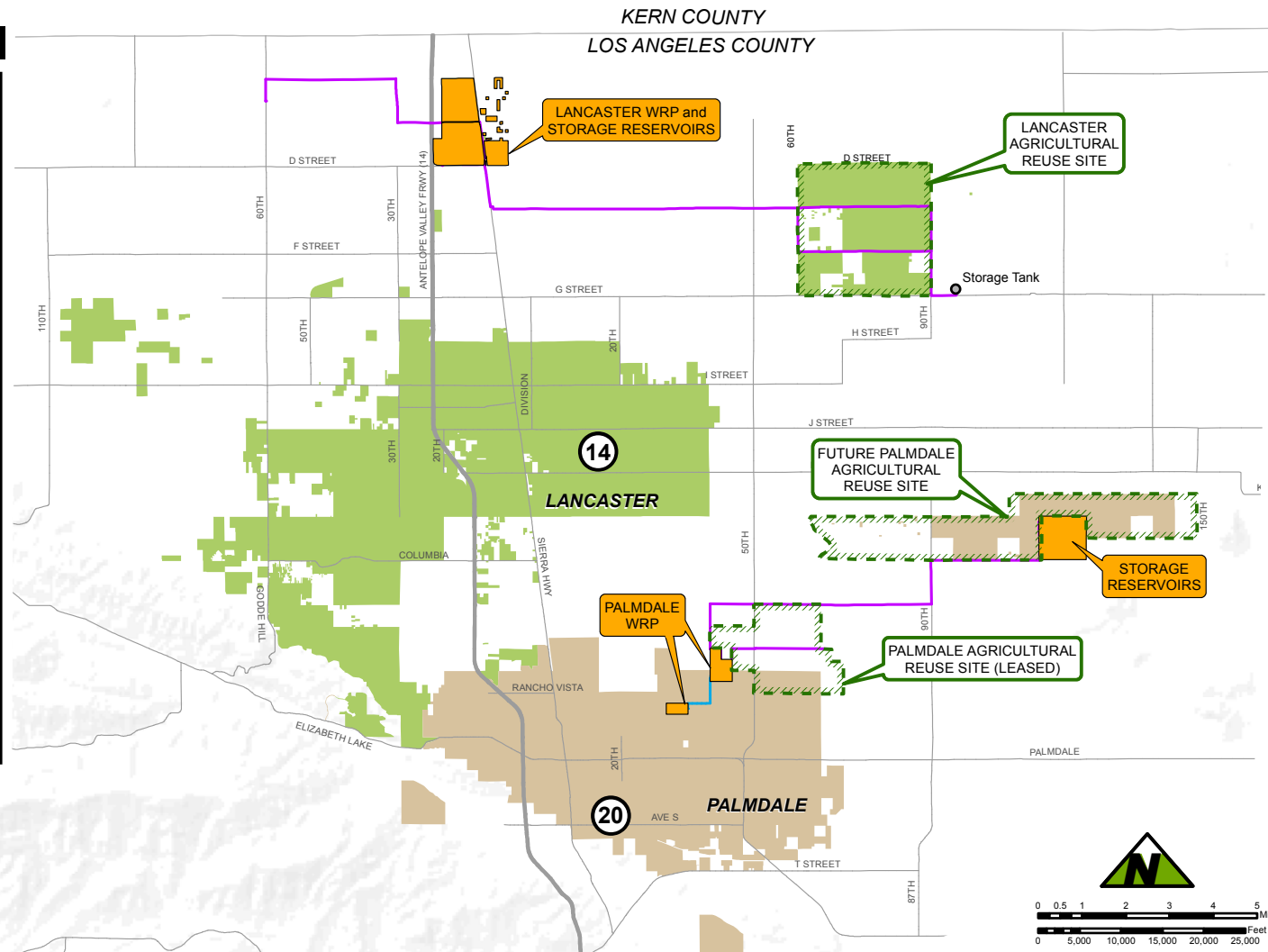
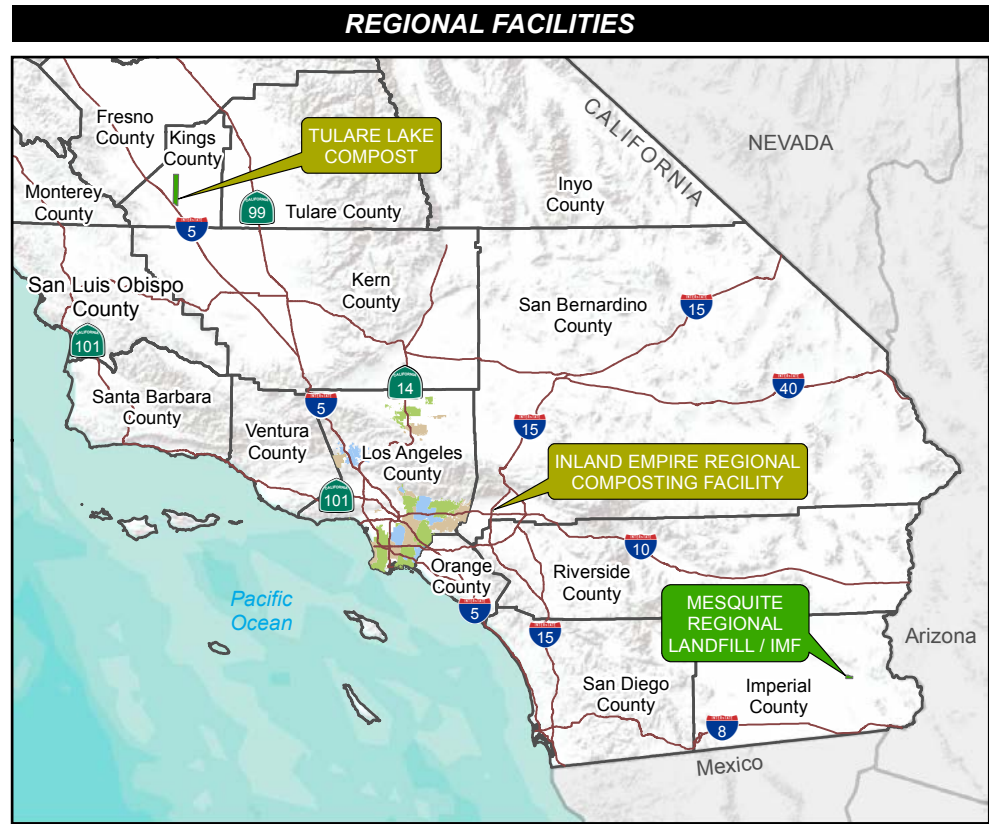
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December 2015

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SOLID WASTE FACILITIES

Sanitary Landfills	Placed in Operation	Area in Acres	Status
Palos Verdes	5/15/1957	288	Closed 12/31/1980
Spadra	7/15/1957	338	Closed 4/8/2000
Puente Hills	5/19/1958	1,368	Closed 10/31/2013
Mission Canyon	6/1/1960	373	Closed 1/9/82
Scholl Canyon	3/22/1961	431	Operating
Calabasas	2/14/1961	500	Operating
Mesquite	Operational 2009	2,290	Operational

Energy Facility	Operational	Net Electricity Production
Commerce Refuse-to-Energy	1/1/1987	10 MW
Puente Hills Gas-to-Energy	1/1/1987	46 MW
SERRF Refuse-to-Energy	12/1/1988	30 MW
Spadra Gas-to-Energy	4/5/1991	6 MW
Puente Hills Engines	5/1/2005	5.4 MW
Calabasas Gas-to-Energy	7/12/2010	5.6 MW

Other Solid Waste Facilities	Operational
South Gate TF	1/2/1958
Puente Hills Recycle Center	10/25/1982
DART MR/TF	3/2/1998
Puente Hills MR/TF	7/11/2005
Puente Hills IMF	Under Construction

SANITATION DISTRICTS DATA

District	Date of Formation	Placed in Operation	Area (Sq. Miles)	Population 2014	Cities/Partial Cities	Miles of District Sewers 2014	Pump Stations	Wastewater Management
SBC	12/24/1923	9/12/1926	14.6	117,671	8	25.4	11	Joint Outfall System
1	11/17/1924	2/13/1928	41.3	571,853	11	105.5	1	Joint Outfall System
2	2/25/1924	2/13/1928	76.1	691,957	19	219.9	2	Joint Outfall System
3	5/19/1924	5/20/1948	52.3	509,518	4	78.3	6	Joint Outfall System
4	3/17/1924	12/9/1926	1.9	35,723	2	6.3	0	LA City Sewerage System
5	3/31/1924	2/13/1928	87.8	743,064	15	181.6	10	Joint Outfall System
8	9/21/1925	2/13/1928	31.3	140,803	4	87.6	3	Joint Outfall System
9	8/16/1926	5/10/1927	0.2	2,324	1	0.0	0	LA City Sewerage System
14	8/31/1938	12/2/1941	59.0	197,512	2	75.5	0	Lancaster Sewerage System
15	1/2/1945	2/27/1948	77.6	584,145	20	145.9	2	Joint Outfall System
16	1/2/1946	2/27/1948	37.4	268,140	5	43.6	0	Joint Outfall System
17	1/2/1946	11/23/1949	7.7	55,678	1	5.2	0	Joint Outfall System
18	11/23/1948	7/1/1950	60.1	338,844	11	83.9	3	Joint Outfall System
19	3/28/1950	5/19/1951	14.2	92,550	5	35.1	2	Joint Outfall System
20	8/7/1951	9/8/1952	41.3	127,655	1	45.6	0	Palmdale Sewerage System
21	11/13/1951	8/21/1954	84.7	410,055	9	85.6	4	Joint Outfall System
22	9/22/1953	12/6/1954	64.1	333,742	12	102.0	0	Joint Outfall System
23	7/10/1956	7/14/1959	2.5	122	1	2.1	0	Joint Outfall System
SCV	1/2/1961	5/10/1962	63.3	278,097	1	43.2	1	Santa Clarita Valley Sewerage System
27	4/20/1961	4/2/1962	0.2	2,241	0	0.4	0	LA City Sewerage System
28	9/14/1961	11/2/1962	4.1	11,447	1	4.1	0	Joint Outfall System
29	9/20/1962	11/12/1964	2.2	11,411	1	35.4	3	Joint Outfall System
34	10/31/1967	Inactive	4.0	7,696	1	0.0	0	Inactive
NR	6/14/2006	Inactive	18.7	3	0	0.0	0	Inactive

Total	846.9	5,532,252	78	1,411.9	48
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COMPOSTING FACILITIES

Composting Facility	Placed in Operation
Inland Empire	4/16/2007
Tulare Lake	Operational 2015

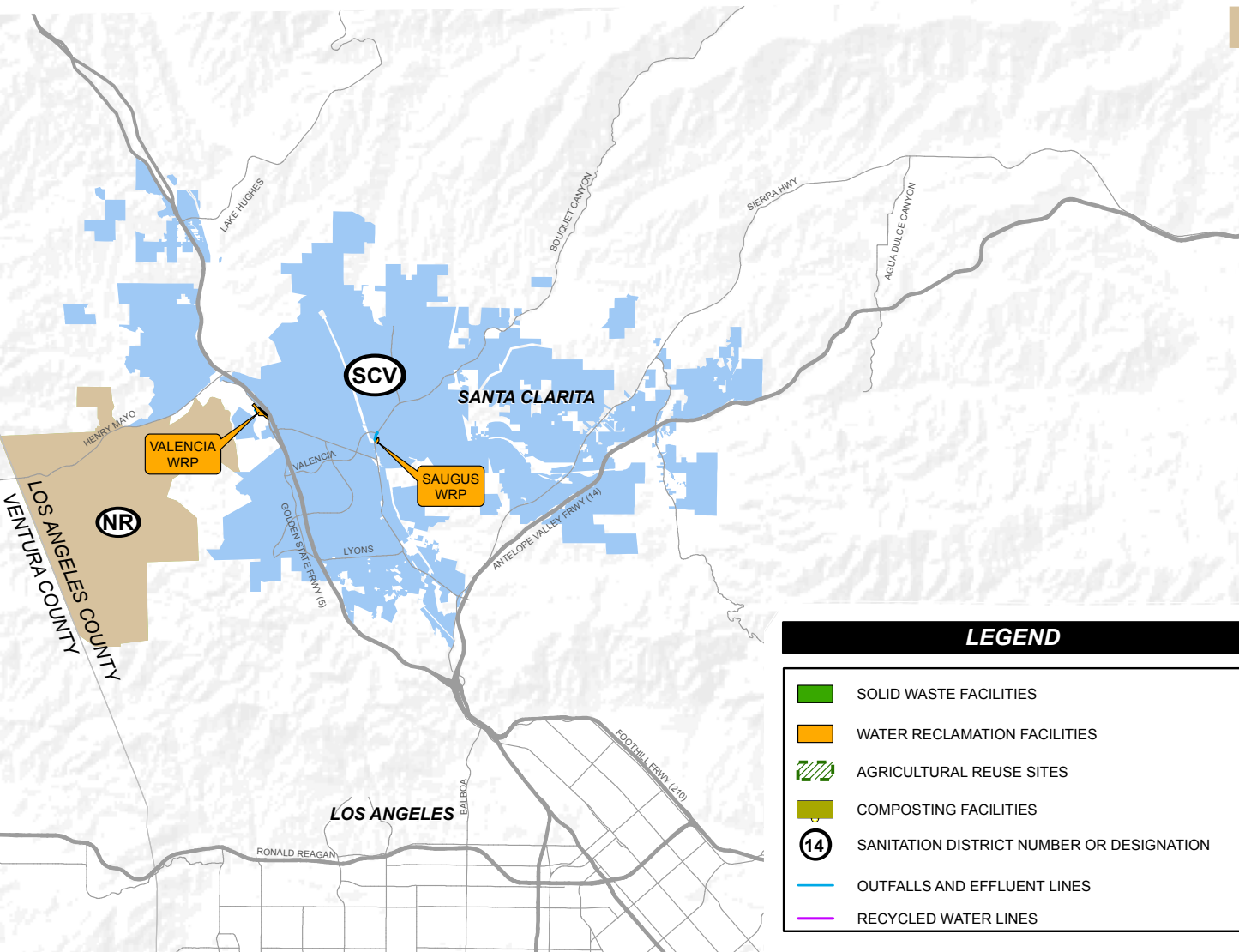
WASTEWATER FACILITIES

Facility	Placed in Operation	Permitted Capacity	Area in Acres
JWPCP	2/4/1928	400 mgd	381
Long Beach WRP	5/22/1973	25 mgd	17
Los Coyotes WRP	10/14/1970	37.5 mgd	36
Whittier Narrows WRP	7/27/1962	15 mgd	27
San Jose Creek WRP	6/29/1971	100 mgd	51
Pomona WRP	4/15/1954	15 mgd	12
La Canada WRP	11/2/1962	0.2 mgd	0
Valencia WRP	3/25/1966	21.6 mgd	26
Saugus WRP	7/1/1962	6.5 mgd	4
Palmdale WRP	11/28/1952	12 mgd	278
Lancaster WRP	10/1/1959	18 mgd	1,392

Energy Facility	Placed in Operation	Net Electricity Production
JWPCP Total Energy	12-20-85	22 MW

LEGEND

- SOLID WASTE FACILITIES
- WATER RECLAMATION FACILITIES
- AGRICULTURAL REUSE SITES
- COMPOSTING FACILITIES
- SANITATION DISTRICT NUMBER OR DESIGNATION
- OUTFALLS AND EFFLUENT LINES
- RECYCLED WATER LINES





Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting**

Presented to

**County Sanitation Districts
of Los Angeles County, California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Food Waste Hopper

Food waste is fed from a hopper into a bioseparator, creating a slurry.





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOLM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

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BEVERLY HILLS, CA 90210
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GOVERNMENTAL AUDIT SERVICES

5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
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Independent Auditor's Report

The Honorable Boards of Directors
County Sanitation Districts
of Los Angeles County:

Report on the Financial Statements

We have audited the accompanying financial statements of the County Sanitation Districts of Los Angeles County, California (Districts), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which comprise the Districts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County Sanitation Districts of Los Angeles County as of June 30, 2018, and the changes in financial position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Emphasis of Matters

As discussed in Note 22 to the basic financial statement, effective July 1, 2017, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

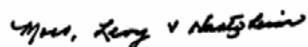
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, the Schedule of Changes in the Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Other Postemployment Benefits Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Districts' basic financial statements. The introductory section, combining and individual supplemental schedules, statistical section, and bond disclosure information are presented for purposes of additional analysis and are not required parts of the financial statements. The combining and individual supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section, statistical section, and bond disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the Districts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Moss, Levy & Hartzheim, LLP
Culver City, California
December 3, 2018

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis

June 30, 2018

Management's Discussion and Analysis (MD&A) is designed to provide an analysis of the Districts' financial condition and operating results and to inform the reader on the Districts' financial issues and activities. The MD&A section of the CAFR should be read in conjunction with the Transmittal Letter at the beginning of the Introduction Section and the Districts' basic financial statements in the Financials Section.

Financial Highlights

- Service charge rates increased in 15 of the Districts in accordance with previously adopted rate ordinances. The increases generally ranged from \$2 to \$5 per year per single-family home, with the Santa Clarita Valley Sanitation District having the largest increase at \$21. In District 28, the rate for a significant portion of the users decreased due to the retirement of debt. For the remaining five Districts that have implemented a service charge rate, the rates were unchanged. A table of annual service charge rates by District is included in Schedule 8 in the Statistical Section.
- In October 2017, China ceased importing 24 types of recycled materials and increased quality standards for other recycled materials. The Districts' Solid Waste System was significantly impacted by the ban, as the Districts' largest recyclables commodities broker no longer purchased mixed paper, cardboard, or plastics, resulting in a \$2.7 million decrease in commodity sales revenue from the prior fiscal year.
- To help finance capital improvements, the Districts borrowed \$33.6 million in State Revolving Fund loans, as well as \$1.3 million in Proposition 1 loans. The Districts also received \$3.4 million through a Proposition 1 grant.
- Each District adopted a Debt Management Policy that provides guidelines for the issuance of bonds and other forms of debt to finance capital improvements, equipment purchases, and property acquisitions. The Policies established criteria for the issuance of debt, as well as several metrics that establish prudent borrowing limits to ensure future access to credit markets under favorable terms. The Policies formalized practices that have been in place for a number of years.
- Each District adopted a Wastewater Financial Reserve Policy to stabilize user charge rates, minimize risks associated with borrowing, demonstrate each District's financial stability, improve liquidity, and allow each District to effectively respond to economic, environmental, and regulatory changes. The Policies established criteria for calculating targeted goals for the various reserve funds, and formalizes practices that have been in place for a number of years.
- The Districts implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulting in the recognition of a \$211.9 million liability related to other postemployment benefits (OPEB) at the beginning of the fiscal year. The adjustment reduced the Districts' net position by 5.1% and is reported in the Statement of Revenues, Expenses, and Changes in Net Position as a cumulative effect of change in accounting method.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Overview of the Basic Financial Statements

The basic financial statements included in this annual report are those of a special-purpose government engaged only in business-type activities. The CAFR consists of: a letter of transmittal; management's discussion and analysis; the basic financial statements; and supplemental information, including combining District-level financial statements, various historical statistical tables designed to give the reader a 10-year financial perspective of the Districts' financial operations, a bond disclosure section, and a single audit as required for various federal loans and grants prepared in accordance with the U.S. Office of Management and Budget Uniform Guidance. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements include the following:

- **Statement of Net Position** — Reports the Districts' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Districts.
- **Statement of Revenues, Expenses, and Changes in Net Position** — Reports the Districts' revenues and expenses and resulting change in net position for the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement measures the Districts' operations over the past fiscal year and can be useful in determining whether costs have been successfully recovered through user fees and other charges.
- **Statement of Cash Flows** — Reports the Districts' cash flows from operating, investing, capital, and noncapital activities. The primary purpose of this statement is to provide information about the Districts' cash receipts and cash payments over the past fiscal year.

The Districts maintain enterprise funds to account for all their sewerage, stormwater, and solid waste operations. The operations-level financial statements can be found immediately following the Notes to Basic Financial Statements.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Financial Analysis of the Districts

Net Position

Condensed Statement of Net Position (In millions of dollars)

		FY 2018	FY 2017	Dollar Change	Total Percent Change	
Current and Other Assets	\$	2,396.9	\$ 2,298.4	\$ 98.5	4.3	%
Capital Assets, net		3,381.7	3,354.4	27.3	0.8	
Total Assets		5,778.6	5,652.8	125.8	2.2	
Deferred Outflow of Resources		153.3	105.0	48.3	46.0	
Current Liabilities		164.7	152.5	12.2	8.0	
Other Liabilities		979.0	721.7	257.3	35.7	
Long-Term Debt		688.5	722.7	(34.2)	(4.7)	
Total Liabilities		1,832.2	1,596.9	235.3	14.7	
Deferred Inflow of Resources		48.7	32.6	16.1	49.4	
Net Investment in Capital Assets		2,625.8	2,569.6	56.2	2.2	
Restricted		511.9	632.0	(120.1)	(19.0)	
Unrestricted		913.3	926.7	(13.4)	(1.4)	
Total Net Position	\$	4,051.0	\$ 4,128.3	\$ (77.3)	(1.9)	%

The investment in capital assets consists of net capital assets and deferred loss on refunding of debt, reduced by outstanding capital-related debt of bonds payable, construction contracts payable, and loans payable to the State of California. Capital assets are used to provide services to residents and businesses; consequently, these assets are *not* available for future spending.

The restricted net position represents resources that are subject to external restrictions on how they may be used by debt covenants, enabling legislation, or other legal restrictions.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Revenues, Expenses, and Changes in Net Position

A summary of the key elements that contributed to the change in the Districts' net position is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Position (In millions of dollars)

		FY 2018	FY 2017	Dollar Change	Total Percent Change	
Operating Revenues:						
Industrial Waste Surcharge	\$	67.1	\$ 64.4	\$ 2.7	4.2	%
Refuse Tipping Fees		107.0	106.2	0.8	0.8	
Sale of Energy		24.9	23.4	1.5	6.4	
Service Charges		365.4	353.9	11.5	3.2	
Other		25.7	27.0	(1.3)	(4.8)	
Total Operating Revenues		<u>590.1</u>	<u>574.9</u>	<u>15.2</u>	<u>2.6</u>	
Operating Expenses:						
Depreciation		95.9	92.2	3.7	4.0	
Operations & Maintenance		206.9	186.8	20.1	10.8	
Salaries & Benefits		231.6	208.4	23.2	11.1	
Other		18.2	10.9	7.3	67.0	
Total Operating Expenses		<u>552.6</u>	<u>498.3</u>	<u>54.3</u>	<u>10.9</u>	
Nonoperating Revenues:						
Interest Revenue		32.5	26.0	6.5	25.0	
Taxes		77.4	73.0	4.4	6.0	
Other		12.0	12.8	(0.8)	(6.3)	
Total Nonoperating Revenues		<u>121.9</u>	<u>111.8</u>	<u>10.1</u>	<u>9.0</u>	
Nonoperating Expenses:						
Interest Expense		26.8	28.0	(1.2)	(4.3)	
Tax & Assessment Expense		10.3	11.0	(0.7)	(6.4)	
Other		34.3	14.3	20.0	139.9	
Total Nonoperating Expenses		<u>71.4</u>	<u>53.3</u>	<u>18.1</u>	<u>34.0</u>	
Income Before Capital						
Contribution Revenue		88.0	135.1	(47.1)	(34.9)	
Capital Contribution Revenue		41.6	36.3	5.3	14.6	
Beginning Net Position		4,128.3	3,975.0	153.3	3.9	
Cumulative Effect of Change in						
Accounting Methods		(211.9)	0.0	(211.9)		
Prior-Period Adjustment		5.0	(18.1)	23.1	(127.6)	
Ending Net Position	\$	<u><u>4,051.0</u></u>	<u><u>4,128.3</u></u>	<u><u>(77.3)</u></u>	<u><u>(1.9)</u></u>	%

Operating Revenues: The Districts' operating revenues were primarily derived from wastewater service charges, industrial waste surcharges, and solid waste disposal tipping fees. These fees and charges were paid by users of the Districts' wastewater and solid waste facilities and collectively account for 91% of the Districts' operating revenue. Service charge revenue increased due to rate increases in most Districts.

Operating Expenses: The increase in salaries and benefits is due to an increase in defined benefit pension plan expenses and other postemployment benefits expenses. Operations and maintenance expense

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

increased due to costs related to transportation and disposal of residual solid waste, biosolids disposal, and sewerage contract disposal.

Nonoperating Revenues: An increase in the weighted composite yield earned on cash equivalents and investments, 1.6825% in fiscal year 2017-2018 compared to 1.4806% in fiscal year 2016-2017, resulted in an increase in interest revenue.

Nonoperating Expenses: An unrealized loss on investments for changes in market value at June 30, 2018, of \$26 million accounts for the increase in other nonoperating expenses.

Capital Analysis of the Districts

As of June 30, 2018, the Districts had nearly \$5.5 billion invested in a broad range of assets, as shown below:

Capital Assets (In millions of dollars)

	FY 2018	FY 2017	Dollar Change	Total Percent Change	%
Buildings and Equipment	\$ 83.4	\$ 71.2	\$ 12.2	17.1	%
Capital Improvements	544.0	544.3	(0.3)	(0.1)	
Composting Facility	122.1	121.9	0.2	0.2	
Construction in Progress	450.6	447.4	3.2	0.7	
Disposal Rights	88.6	86.6	2.0	2.3	
Equipment Pool	67.1	63.0	4.1	6.5	
Gas-to-Energy Facilities	217.4	222.7	(5.3)	(2.4)	
Land	221.1	220.3	0.8	0.4	
Other	50.1	56.4	(6.3)	(11.2)	
Rail Facilities	54.1	54.1	0.0	0.0	
Recycling and Transfer Stations	65.0	63.5	1.5	2.4	
Treatment Plants	2,043.3	1,954.3	89.0	4.6	
Trunk Lines	1,395.7	1,389.4	6.3	0.5	
Use Rights	69.8	69.8	0.0	0.0	
Subtotal	5,472.3	5,364.9	107.4	2.0	
Less Accumulated Depreciation & Amortization	2,090.6	2,010.5	80.1	4.0	
Net Capital Assets	\$ 3,381.7	\$ 3,354.4	\$ 27.3	0.8	%

Major capital asset projects that were completed and placed in operation during fiscal year 2017-2018 included the following:

- \$50.6 million – Long Beach Main Pumping Plant Facility Upgrades
- \$3.6 million – various trunk sewer rehabilitations
- \$4.2 million – Joint Water Pollution Control Plant Modifications/Upgrades
- \$7.4 million – various treatment plant modifications/upgrades
- \$9.8 million – Joint Administration Office modifications

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Expenditures to date of ongoing construction projects (construction in progress) of \$450.6 million as of June 30, 2018, included, in part, the following projects:

- \$187.4 million - Puente Hills Intermodal Facilities development
- \$121.4 million - various water reclamation and pumping plant modifications
- \$62.3 million - planning for Clearwater Program and design of JWPCP Effluent Outfall Tunnel
- \$57.4 million - various Districts' trunk sewer relief/rehabilitation projects
- \$9.8 million - Waste-by-Rail Disposal System development

Additional information regarding the Districts' capital assets can be found in Note No. 7 to the Basic Financial Statements.

2018-2019 Capital Spending Plan (In millions of dollars)

Capital Project	Amount Planned
Sewer Relief and Rehabilitation	\$ 56.2
Clearwater Tunnel	80.0
Pumping Plant and Water Reclamation Plant Improvements and Expansions	56.5
Landfill General Improvements, Drainage, and Landscaping	1.9
Intermodal Facility Development	2.5
Material Recovery/Transfer Station General Improvements	23.3
Flow Equalization for Water Reclamation Plant	20.0
Gas Control Measures	2.4
Chloride Compliance	19.3
Administration and Miscellaneous Improvements	20.2
Food Waste Disposal Improvements	7.1
Sewage Disposal Contracts	2.7
Total	\$ <u>292.1</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Outstanding Debt

During the fiscal year, the Districts' revenue bond and state loan obligations decreased by 3.9%.

Outstanding Debt (In millions of dollars)						
	FY 2018	FY 2017	Dollar Change	Total Percent Change		
Revenue Bonds	\$ 465.5	\$ 506.6	\$ (41.1)	(8.1)		
State Water Resources Control Board Loans	289.5	278.7	10.8	3.9		
Total Long-Term Debt	\$ 755.0	\$ 785.3	\$ (30.3)	(3.9)		

Revenue bond obligations decreased due to scheduled principal payments. State Water Resources Control Board obligations had a net increase due to new obligations, net of scheduled principal payments.

Bond Debt Ratings As of June 30, 2018

	Standard & Poor's	Moody's Investor Service	Fitch Ratings
2011 Series A Senior Ad Valorem Obligation Bonds	AAA	Aa1	N/A
2013 Series A Senior Ad Valorem Obligation Bonds	AAA	Aa1	N/A
2015 Series A Subordinate Revenue Bonds	AA-	N/A	AA-
2016 Series A Revenue Bonds	A+	N/A	AA-

The 2008 Clean Renewable Energy Bonds are a private placement with Bank of America and, therefore, are not rated. Additional information on the Districts' long-term debt is presented in Note No. 8 to the Basic Financial Statements.

Currently Known Significant Facts

- Solid waste disposal rates were increased \$3.00 per ton in 2018-2019 for all three Districts' facilities. The increases were needed to offset rising disposal and trucking costs, rising minimum wage, lower commodities prices due to ban by China, and the need to replace aging equipment.
- The Districts' Investment Policies were amended to expand the Districts' options for investments and potentially increase interest earnings by allowing investment in A-rated medium-term corporate securities up to 10% of the District's funds, with no more than 2% in any single corporate A-rated entity.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

- On November 9, 2018, the Woolsey Fire burned much of the Calabasas Landfill. Damaged or destroyed equipment included an office, irrigation wiring, and HDPE piping for landfill gas and condensate. Repairs were made by staff immediately after the fire in order to restore environmental systems and return the landfill to operation, and other repairs are ongoing. The Calabasas Landfill is operated by the Districts under a Joint Powers Agreement with the County of Los Angeles (see Note No. 2 to the Basic Financial Statements). Both the Districts and the County of Los Angeles hold insurance policies that are anticipated to cover nearly all of the costs of the damage.

Financial Contact

The Districts' basic financial statements are designed to present users with a general overview of the Districts' finances and to demonstrate the Districts' accountability. If you have any questions about the report or need additional information, please contact Mr. Alan Nyberg, Chief Accountant, Sanitation Districts of Los Angeles County, P.O. Box 4998, Whittier, California, 90607-4998.

Exhibit A
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Net Position
June 30, 2018

Assets

Current assets:

Unrestricted cash and cash equivalents (note 3):	
Cash in bank (note 3)	\$ 6,613,630
Cash on hand (note 3)	44,763
Cash and cash equivalents (note 3)	<u>407,189,170</u>

Total unrestricted cash and cash equivalents	<u>413,847,563</u>
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Receivables:

Accounts, net (note 6)	36,788,558
Interest	8,481,854
Service charges	19,374,927
Taxes	<u>5,798,639</u>

Total receivables	<u>70,443,978</u>
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Inventory	<u>20,334,190</u>
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Restricted/designated cash and investments (note 3):

Cash and cash equivalents	527,050,831
Specific investments	1,087,181,855
Bond proceeds with Trustee	
Cash and cash equivalents	<u>3,857</u>

Total restricted/designated cash and investments	<u>1,614,236,543</u>
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Other specific investments (note 3)	<u>226,267,959</u>
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Total current assets	<u>2,345,130,233</u>
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Long-term assets:

Investment in joint ventures (note 17)	51,776,917
Other assets	3,082

Capital assets (note 7):

Buildings and equipment	83,387,754
Capital improvements	544,035,526
Composting facility	122,117,830
Construction in progress (note 16)	450,611,983
Disposal rights	88,639,513
Equipment pool	67,092,154
Gas-to-energy facilities	217,400,934
Land	221,083,883
Other	50,075,858
Rail facilities	54,060,853
Recycling and transfer facility	65,003,793
Treatment plants	2,043,361,100
Trunk lines	1,395,708,926
Use rights	69,779,636
Less accumulated depreciation/amortization	<u>(2,090,627,813)</u>

Net capital assets	<u>3,381,731,930</u>
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Total long-term assets	<u>3,433,511,929</u>
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Total assets	<u>\$ 5,778,642,162</u>
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Deferred Outflow of Resources

Other postemployment benefits deferrals (note 12)	\$ 21,766,000
Pension deferrals (note 11)	120,451,276
Deferred loss on refunding, net	<u>11,100,347</u>

Total deferred outflow of resources	<u>\$ 153,317,623</u>
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(Continued on following page)

Exhibit A-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Net Position
June 30, 2018

Liabilities

Current liabilities:

Accounts payable	\$ 27,455,273
Accrued employee absences (note 1J and 14)	27,000,000
Amounts held for others	6,844,044
Bonds payable (note 8)	35,909,400
Claims liabilities (note 9)	2,784,649
Construction contracts payable	11,904,227
Estimated liability for closure and postclosure costs (note 18)	10,816,287
Estimated liability for pollution remediation (note 19)	3,028,105
Interest payable	7,928,519
Loans payable to State of California (note 8)	30,623,690
Other	<u>386,240</u>

Total current liabilities	<u>164,680,434</u>
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Long-term liabilities:

Accrued employee absences (note 1J and 14)	9,577,247
Bonds payable, net (note 8)	429,641,942
Claims liabilities (note 9)	8,361,563
Estimated liability for closure and postclosure costs (note 18)	306,762,231
Estimated liability for pollution remediation (note 19)	6,033,000
Loans payable to State of California (note 8)	258,876,348
Other postemployment benefits liability (note 12)	231,310,000
Pension liability (note 11)	<u>416,985,866</u>

Total long-term liabilities	<u>1,667,548,197</u>
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Total liabilities	<u>\$ 1,832,228,631</u>
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Deferred Inflow of Resources

Other postemployment benefits deferrals (note 12)	\$ 4,373,000
Pension deferrals (note 11)	<u>44,348,827</u>

Total deferred inflow of resources	<u>\$ 48,721,827</u>
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Net Position

Net position (note 20):

Net investment in capital assets	\$ 2,625,876,670
Restricted for capital projects	334,861,164
Restricted for closure/postclosure maintenance	105,471,110
Restricted for debt service	35,414,014
Restricted for site development	36,048,154
Unrestricted	<u>913,338,215</u>

Total net position	<u><u>\$ 4,051,009,327</u></u>
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See accompanying notes to basic financial statements.

Exhibit B
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2018

Operating revenues:	
Commodities	\$ 3,149,667
Contract revenue	19,565,295
Industrial waste surcharge	67,060,158
Refuse/food tipping fees	107,033,768
Sale of energy	24,881,568
Service charges (note 4)	365,436,819
Other	3,058,384
	<hr/>
Total operating revenues	590,185,659
	<hr/>
Operating expenses:	
Chemicals	31,165,601
Collection charges	1,256,596
Depreciation/amortization (note 7)	95,917,068
Insurance and claims	3,423,595
Landfill closure and postclosure costs (note 18)	1,661,550
Materials and supplies	28,689,634
Operations, repairs and maintenance	22,503,121
Pollution remediation costs (note 19)	7,802,184
Salaries and benefits (notes 11 and 12)	231,563,489
Services	102,060,875
Tonnage	4,016,753
Utilities	22,549,811
	<hr/>
Total operating expenses	552,610,277
	<hr/>
Operating income	37,575,382
	<hr/>
Nonoperating revenues (expenses):	
Interest revenue	32,458,654
Investment in joint ventures	(3,318,126)
Taxes	77,370,966
Other nonoperating revenue	5,509,757
Amortization of bond premium	6,654,238
Amortization of deferred loss on refunding	(1,993,016)
Loss on sale of equipment/assets	(3,004,220)
Interest expense	(26,765,140)
Other nonoperating expense	(166,446)
Tax and assessment expense	(10,289,349)
Unrealized loss on investments	(26,001,878)
	<hr/>
Net nonoperating revenues	50,455,440
	<hr/>
Income before capital contribution revenue and transfers	88,030,822
Capital contribution revenue:	
Connection fees	37,851,829
Federal capital grants	3,671,538
	<hr/>
Change in net position	129,554,189
	<hr/>
Total net position, July 1, 2017, as previously stated	4,128,333,562
Cumulative effect of change in accounting methods (note 22)	(211,911,000)
Prior-period adjustments (note 21)	5,032,576
	<hr/>
Total net position, July 1, 2017, as restated	3,921,455,138
	<hr/>
Total net position, June 30, 2018	\$ 4,051,009,327
	<hr/>

See accompanying notes to basic financial statements.

Exhibit C
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Cash Flows
Fiscal year ended June 30, 2018

Cash flows from operating activities:	
Receipts from customers and users	\$ 587,160,525
Payments to suppliers	(203,140,111)
Payments for salaries/benefits	(221,399,668)
Payments applied to closure/postclosure liability	(14,357,984)
Net cash provided by operating activities	<u>148,262,762</u>
Cash flows from noncapital financing activities:	
Receipts from property taxes	76,790,586
Donations	16,000
Other nonoperating receipts	5,000,000
Payments for tax and assessment	(10,289,349)
Net cash provided by noncapital financing activities	<u>71,517,237</u>
Cash flows from capital and related financing activities:	
Borrowings on loans	34,944,751
Purchases of capital assets	(125,034,801)
Connection fees proceeds	38,381,836
Grant proceeds	3,671,538
Interest paid on capital-related debt	(24,481,617)
Principal payments on bonds	(34,449,400)
Principal payments on loans	(28,255,089)
Proceeds from sale of assets/equipment	2,143,094
Receipts from joint venture	150,000
Net cash used by capital and related financing activities	<u>(132,929,688)</u>
Cash flows from investing activities:	
Interest received	34,537,407
Purchases of investments	(316,412,020)
Proceeds from maturities of investments	325,076,266
Net cash provided by investing activities	<u>43,201,653</u>
Net increase in cash and cash equivalents	130,051,964
Cash and cash equivalents at beginning of fiscal year	<u>810,850,287</u>
Cash and cash equivalents at end of fiscal year	<u><u>\$ 940,902,251</u></u>
Reconciliation of cash and cash equivalents at end of fiscal year:	
Unrestricted cash and cash equivalents	
Cash in bank	\$ 6,613,630
Cash on hand	44,763
Cash and cash equivalents	407,189,170
Restricted/designated cash and investments:	
Cash and cash equivalents	527,050,831
Bond proceeds with Trustee	
Cash and cash equivalents	<u>3,857</u>
	<u><u>\$ 940,902,251</u></u>

(Continued on following page)

Exhibit C-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Cash Flows
Fiscal year ended June 30, 2018

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 37,575,382
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	95,917,068
Landfill closure and postclosure costs	1,661,550
Increase in accounts receivable	(1,097,677)
Increase in service charge receivable	(2,091,081)
Increase in inventory	(669,075)
Increase in deferred outflows of resources	(25,951,005)
Increase in accounts payable	1,392,992
Decrease in accrued employee absences	(144,893)
Decrease in estimated liability for closure and postclosure costs	(14,357,984)
Decrease in claims liabilities	(695,137)
Increase in estimated pollution remediation	7,336,363
Decrease in other postemployment benefits liability	(2,945,000)
Increase in pension liability	36,040,209
Increase in amounts held for others	198,946
Decrease in other liabilities	(35,298)
Increase in deferred inflows of resources	16,127,402
Net cash provided by operating activities	\$ 148,262,762
Schedule of noncash investing activity:	
Unrealized loss on fair value of investments	\$ (26,001,878)
Amortization of investment discount/premium	(19,873)
Investment in joint ventures	(3,468,126)

See accompanying notes to basic financial statements.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements

June 30, 2018

(1) Organization and Summary of Significant Accounting Policies

(A) Description of the Reporting Entity

The Sanitation Districts of Los Angeles County are a confederation of 24 special districts created for the purpose of providing solid waste, wastewater, and stormwater management and disposal services within the County of Los Angeles. The accompanying basic financial statements include the activities of all 24 Districts. Each District is governed by a Board of Directors generally comprised of the presiding officers (typically the mayor) of the cities within each District's boundaries and the chair of the County Board of Supervisors for unincorporated territory. If there are only one or two jurisdictions within a District, additional members of the city council or County Board of Supervisors also sit on the District's Board of Directors. For purposes of control and daily management, the Districts are jointly governed by a Joint Administration Agreement (see Note 2). Administration of the Districts entails fiscal and management control of the Districts' respective operations.

The Districts' accompanying basic financial statements also include the financial activities of the Los Angeles County Sanitation Districts Financing Authority. The 22 active Districts (Participating Districts) created the Financing Authority on April 14, 1993, pursuant to a Joint Exercise of Powers Agreement (see Note 2). The Financing Authority is governed by a Commission that consists of the Chairperson from each Participating District and exists solely to facilitate the issuance of long-term debt. The Financing Authority has no daily operations and does not conduct business on its own behalf. Since the Financing Authority's governing body is entirely comprised of members of the Participating Districts' Boards and the Financing Authority provides services entirely for the Participating Districts, the Financing Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes. Complete separate financial statements for the Financing Authority may be obtained by writing to the Accounting Department, P.O. Box 4998, Whittier, California, 90607-4998 or at the Districts' Joint Administration Office.

The Districts are independent of and overlap many political jurisdictions. There are many governmental entities, including the County of Los Angeles, that operate within the Districts' jurisdictions; however, the financial information for these entities is not included in the accompanying basic financial statements.

(B) District Operations

The Districts' accounts are maintained in a manner that facilitates compliance with the requirements and guidelines of the Controller of the State of California with whom an annual report is filed for each District as required by Section 53891 of the California Government Code.

(C) Basis of Presentation

Enterprise Funds - The Districts' Enterprise Funds are used to account for three types of operations: (a) ones that are financed and operated in a manner similar to private business enterprises, where the intent of the Boards of Directors is that the costs (expenses, including depreciation) of providing

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

services to the general public on a continuing basis be financed or recovered primarily through user charges; (b) ones where the intent of the Boards of Directors is that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes; or (c) ones that account for the financing of services provided by one District to other Districts, or to other governments, on a cost-reimbursement basis.

(D) Basis of Accounting

The Districts use the flow of economic resources measurement focus for accounting and financial reporting. Accordingly, all assets and liabilities are included in their respective statement of net position. Reported net position (total reported assets and deferred outflows of resources, less total reported liabilities and deferred inflows of resources) provides an indication of the economic net worth of the respective funds. Operating statements report increases (revenues) and decreases (expenses) in total net position.

The Districts utilize the accrual basis of accounting, whereby revenues are recorded in the period earned and expenses are recorded in the period incurred, regardless of when cash is received or disbursed. As a result, operating income is the difference between the revenues earned and the expenses incurred in earning those revenues.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues are charges to customers for services, including service charges, industrial waste surcharges, and tipping fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Districts have elected, for all business-type activities (enterprise funds), to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations; Accounting Principles Board Opinions; the American Institute of Certified Public Accountants' (AICPA) Accounting Research Bulletins; and any FASB or AICPA pronouncements made applicable by a GASB Statement or Interpretation.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts operate various sub-funds under the accrual basis of accounting:

Classification	Purpose
Sewerage Operations	To account for wastewater operations of the Districts, including debt service and capital improvement activities.
Stormwater Operations	To account for operations of the Districts' stormwater activities.
Solid Waste Facilities Operations	To account for operations of the Districts' solid waste management system.
Trustee Solid Waste Facilities Operations	To account for operations of the Los Angeles County Refuse Disposal Equipment Pool and for solid waste operations of the Trustee Landfills.
Service Operations	To account for essential services and equipment rental provided to various sites and other governments.

(E) Operating Budgets

Each year, the Districts' personnel prepare annual operating budgets for both the wastewater and solid waste systems. These annual budgets serve as a basis for monitoring financial progress and determining future wastewater service charge rates and solid waste tipping fee rates. During the fiscal year, such plans may be amended as circumstances or levels of operations dictate.

(F) Cash and Investments

The Districts' cash and investments are governed by each District's Investment Policy and Wastewater Financial Reserve Policy and are in compliance with the California Government Code. For purposes of the statement of cash flows, the Districts consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Securities purchased with original maturities greater than three months are reflected as investments in the accompanying basic financial statements. Investments are generally stated at fair value. Fair value of investments is determined based on market prices at the balance sheet date. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

(G) Inventory

Inventory is stated at weighted average cost, which approximates first-in, first-out.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(H) Capital Assets

Outlays for capital assets, including property, plant, equipment, and construction in progress, are recorded by the individual Districts at cost. Capital assets acquired by donation are recorded at fair market value at the time received. The Districts' capitalization threshold for capital assets is \$5,000.

Depreciation - General

The accrual basis of accounting requires that capital assets be capitalized and periodically charged against the operations of the Districts through depreciation.

Depreciation expense is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Lives</u>
Heavy equipment such as dozers, graders or cranes	6 to 15 years
On-highway transportation equipment	4 to 14 years
Marine equipment	20 years
Other equipment such as forklifts, compressors, generators, or pumps	6 to 15 years

Depreciation – Districts' and Trustee Solid Waste Facilities

Depreciation of capital improvements at landfill sites is determined annually, using the ratio of the number of tons disposed during the fiscal year to the total estimated capacity of each landfill and applying this ratio to the gross book value of the capital improvements.

The gas-to-energy facilities, recycling and transfer facilities, and related capital improvements are depreciated over a 40-year period using the straight-line method.

Depreciation - Equipment

Depreciation expense is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Lives</u>
Heavy equipment such as dozers, graders or cranes	6 to 15 years
On-highway transportation equipment	4 to 14 years
Marine equipment	20 years
Other equipment such as forklifts, compressors, generators, or pumps	6 to 15 years

Disposal Rights - Sewerage Operations

Because of geographic conditions, certain Districts have found it advantageous to enter into reciprocal agreements with other public agencies. In these agreements, the public agencies grant the Districts specific sewerage disposal rights and assess the Districts for the cost of the additional capital

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

investment for treatment facilities necessary to dispose of the Districts' discharge. Disposal rights are amortized over a 30-year period using the straight-line method. Such amortization is included as a charge to operations in determining the respective District's results of operations.

Amortization of Use Rights

Use rights, as they apply to Sewerage Operations, are related to ground water adjudication in the Antelope Valley and are amortized over 20-years using the straight-line method.

Use rights, as they apply to the cost of the Districts' landfills and the Trustee landfills, represent the Districts' right to dispose of waste material. Amortization is determined using the ratio of the number of tons disposed of during the fiscal year to the total estimated capacity of each landfill and applying this ratio to the gross book value.

(I) Landfill Site Closure Costs

The Districts have adopted Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18). Federal and State laws and regulations require the placement of a final cover on landfill sites when they stop accepting waste and performance of certain maintenance and monitoring functions at the sites for 30 years after closure. GASB 18 requires the recognition of these costs ratably during the useful life of the landfill.

In compliance with GASB 18, the Districts recognize a portion of the closure and postclosure care costs as an operating expense and a liability in each period based on landfill capacity used as of each statement of net position date, although closure and postclosure care cost will be paid only near or after the date the landfills stop accepting waste. Recognition of such costs begins on the date the landfills begin accepting solid waste and continues in each period that the landfill accepts waste. It is intended that the costs of closure and postclosure care will be completed by the time the landfills stop accepting waste. The cumulative amounts recognized to date are reflected in the accompanying basic financial statements (see Note 18).

(J) Accrued Employee Absences - Service Operations

Vacation and sick leave pay is recorded as an expense when earned by Districts' employees. As of June 30, 2018, accrued vacation and sick leave aggregated \$36,577,247 and is based upon the following criteria:

Monthly employees earn a maximum of 80 hours of vacation leave during each of the first 5 years of service. After 5 years of service, a maximum of 120 hours are earned each year, and after 10 years of service, 8 additional hours of vacation are earned per year up to 160 hours. After 25 years of service, monthly employees (with the exception of those in management positions) earn an additional 40 hours of vacation. In addition, earned vacation leave can be accumulated for 1 or 2 years, depending on the employee's representation unit. Upon retirement or termination, monthly employees are paid for all unused accumulated vacation leave. The accrued liability is based upon the full amount of accumulated vacation leave. Hourly employees earn vacation leave based on the number of hours worked in accordance with Subsection 6.2A of the Districts' Salary Resolution.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Monthly employees earn 8 hours of sick leave per month with a maximum accumulation for use of 1,440 or 720 hours, depending upon the employee's representation unit. Monthly employees are entitled to sick leave payment upon retirement or termination, but the number of hours subject to payment depends on when the accumulated sick leave was earned and the employee's representation unit. The accrued liability is based upon the sick leave that would be paid upon termination.

(K) Amortization of Premium on Bonds

Original issue premium related to the sale of revenue bonds (see Note 8) is amortized by the effective-interest method over the life of the bonds. The unamortized portion of the bond premium is netted against bonds payable on the accompanying basic financial statements.

(L) Amortization of Gain/Loss on Refunding

The refunding of revenue bonds in 2011, 2013, 2015, and 2016 (see Note 8) resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as deferred loss on refunding (net), is being amortized by the straight-line method (which approximates the effective-interest method) over the life of the bonds.

(M) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Districts' California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information, see Note 11.

(N) Other Postemployment Benefits (OPEB)

For purposes of measuring the net liability and deferred outflows/inflows of resources related to other postemployment benefits, information about the fiduciary net position of the Districts' California Employer's Retiree Benefit Trust Program (CERBT) (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For additional information, see Note 12.

(O) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Organization - Joint Agreements

The operations of the Districts are facilitated by certain Joint Agreements that permit the consolidation of duties and responsibilities.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Joint Administration Agreement

Each individual District is party to the Joint Administration Agreement wherein an administrative organization has been established to provide or perform the administrative functions for all individual Districts. The Joint Administration Agreement provides that the revenue and expenses that can be readily segregated by District shall be applied directly to the District concerned. Except for some of the Districts that have a fixed percentage, the indirect expenses are apportioned based upon the ratio of each District's total sewage units to the total number of sewage units within all Districts. A sewage unit represents the average daily quantity of sewage flow and strength that would be discharged from a single-family home.

Joint Outfall Agreement

The following Districts participate in the Joint Outfall Agreement: 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities (Joint Outfall Districts). Under the terms of the Joint Outfall Agreement, they share in the joint ownership, use, and operations of certain trunk sewers, pumping plants, treatment plants, and ocean outfalls. The Joint Outfall Agreement specifies that the revenue and expenses from these activities be proportioned to each District on the basis of the ratio of sewage units within the District to the total number of sewage units within all Joint Outfall Districts.

Los Angeles County Refuse Disposal Trust Agreement

The County of Los Angeles and 15 of the Joint Outfall Districts participate in a Joint Powers Agreement (JPA) to establish the Los Angeles County Refuse Disposal Fund and the Los Angeles County Refuse Disposal Equipment Pool to administer the landfills located outside of the Districts' boundaries, including the Calabasas and Scholl Canyon Landfills (Trustee Landfills).

Program development, future landfill acquisitions, and major capital expenditures are financed from the Los Angeles County Refuse Disposal Fund. The Los Angeles County Refuse Disposal Equipment Pool provides equipment to the Trustee Landfills, and the revenue from rental of this equipment is used for operations and maintenance and to purchase new equipment as required.

The JPA provides that monies in excess of short-term operations and maintenance and capital improvement needs resulting from landfill operations be transferred to the Los Angeles County Refuse Disposal Fund. In the case of Scholl Canyon, the JPA provides for a sharing of revenues (referred to as tonnage expense) between the City of Glendale and the Los Angeles County Refuse Disposal Fund.

In December 2005, the JPA was amended to provide financing for the ongoing operation of the Calabasas Landfill. The County of Los Angeles, through its Financing Authority, issued \$38.5 million of lease revenue bonds. Although the net revenues from the landfill are pledged for repayment of the bonds, the County of Los Angeles is ultimately responsible for all principal and interest payments. In addition, the JPA provides that the Districts perform ongoing operation and maintenance of the Mission Canyon Landfill at no cost to the Districts.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Sanitation Districts Solid Waste Management System Agreement

Districts 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 29, and South Bay Cities participate in the Solid Waste Management System Agreement. This agreement authorized District No. 2 to have full authority for acquiring, implementing, operating, and maintaining the Palos Verdes, Spadra, Puente Hills, and Mesquite Regional Landfills; the South Gate Transfer Station; the Commerce Refuse-to-Energy Facility; the Southeast Resource Recovery Facility; the Puente Hills, Spadra, Palos Verdes, and Calabasas gas-to-energy facilities; the Downey Area Recycling and Transfer Facility, the Puente Hills Material Recovery Facility; and programs and facilities that may be developed as part of materials recovery and remote disposal system.

Joint Exercise of Powers Agreement

Districts 1, 2, 3, 4, 5, 8, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 28, 29, Santa Clarita Valley Sanitation District, and South Bay Cities Sanitation District participate in a Joint Exercise of Powers Agreement related to the Los Angeles County Sanitation Districts Financing Authority.

(3) Cash and Investments

The Districts have adopted the provisions of Statement No. 31 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31), and Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures* (GASB No. 40), which require that certain investments and external investment pools be reported at fair value and disclosures be made of certain deposit and investment risks.

The Districts' investment policies are governed by and in compliance with the California Government Code. The investment policies' objectives are to provide for safety of principal, maintain liquidity, and earn a market rate of return. The Districts are authorized to invest funds in the County of Los Angeles Pooled Surplus Investment Fund (County Pool), the State of California Local Agency Investment Fund, and other qualified investments in accordance with each District's individual investment policy and applicable law. During the fiscal year and at June 30, 2018, specific investments primarily consist of U.S. Agency securities and AA-rated medium term corporate notes.

As of June 30, 2018, the Districts had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-3	4-5
U.S. Agency Securities	\$ 1,080,918,344 (1)	-	1,035,850,354	45,067,990
AA-Rated Medium Term Corporate Notes	232,531,470	9,978,000	222,553,470	-
Los Angeles County Pooled Surplus Investment Fund	916,919,041	916,919,041	-	-
U.S. Bank Commercial Paper	17,320,960	17,320,960	-	-
First American Government Obligation Mutual Fund	3,857	3,857	-	-
	<u>\$ 2,247,693,672</u>	<u>944,221,858</u>	<u>1,258,403,824</u>	<u>45,067,990</u>

(1) A portion of these securities are callable as follows:

July 1, 2018 - September 30, 2018	\$ 709,971,840
October 1, 2018 - December 31, 2018	45,067,990
	<u>\$ 755,039,830</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Interest Rate Risk. As a means of limiting the Districts' exposure to fair value losses from rising interest rates, the Districts' investment policies prohibit investments in securities maturing more than five years from the date of purchase, unless specifically approved by the Districts' Boards of Directors at least three months prior to purchase.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2018, the Districts' investment in U.S. Bank Commercial Paper was rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. The Districts' investment in the First American Government Obligation Fund was rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service. The Districts' investment in United States Treasury securities and United States Agency securities were rated AA+ at the time of purchase by Standard & Poor's and Aaa by Moody's Investors Service. The Districts' investments in Corporate Bonds were rated AA at the time of purchase by Standard & Poor's, Moody's Investors Service, or Fitch Ratings. The Los Angeles County Pooled Surplus Investment Fund is not rated.

Concentration of Credit Risk. The investment policies for District Nos. 17, 27, and Newhall Ranch require that all investments in medium-term corporate notes rated AA or higher and all other investments shall be the same as the Los Angeles County Investment Policy. The remaining Districts' investment policies further restrict the concentration of investments in any one United States Agency to no more than 60% of a District's funds. These Districts' policies allow for investments in medium-term AAA-rated and AA-rated corporate and depository institution debt securities with remaining maturities of five years or less. No individual medium-term AAA-rated or AA-rated security may exceed 10% of a District's funds and all medium- and short-term investments in aggregate may not exceed 20% of a District's funds.

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

At June 30, 2018, the District had the following recurring fair value measurements:

	Value	Fair Value Measurement Using		
Investments by fair value level	6/30/2018	Level 1	Level 2	Level 3
Debt Securities:				
U.S. Agency Securities	\$ 1,080,918,344	1,080,918,344	-	-
AA-Rated Corporate Notes	232,531,470	232,531,470	-	-
	<u>\$ 1,313,449,814</u>	<u>1,313,449,814</u>	<u>-</u>	<u>-</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts' cash, cash equivalents, and specific investments at June 30, 2018, are classified on the accompanying statement of net position as follows:

Unrestricted cash and cash equivalents	\$ 407,189,170
Restricted/designated cash equivalents and specific investments	1,614,236,543
Other specific investments	<u>226,267,959</u>
	2,247,693,672
Cash in bank	6,613,630
Cash on hand	<u>44,763</u>
	<u><u>\$ 2,254,352,065</u></u>

Restricted cash, cash equivalents, and specific investments are defined as funds that have been established to comply with restrictions that have been imposed externally through law, administrative action, or contractual agreements. Restricted funds can only be used for the purpose for which they were established until the restrictions are removed by the party that imposed them or the contractual agreement that created them has expired.

Designated cash, cash equivalents, and specific investments are defined as funds for which the Districts' Boards have imposed restrictions on the use of the funds for specific purposes such as capital facilities, land acquisition, and repair/replacement of existing assets. The Board may designate these purposes either through specific action or through approval of the annual budget. These funds are not legally restricted and each District's Board has the discretion to amend the actual or intended use of these funds.

Cash, cash equivalents, and specific investments that do not meet the definition of restricted or designated are classified as unrestricted.

The total restricted and designated cash, cash equivalents and specific investments are comprised of the following at June 30, 2018:

	Fund Type	Cash and Cash Equivalents	Specific Investments	Total
Bond proceeds with Trustee	Restricted	\$ 3,857	-	3,857
Capital improvement fund	Restricted	220,710,595	325,681,239	546,391,834
Capital projects financial stability fund	Designated	33,791,345	16,405,219	50,196,564
Closure/postclosure fund	Restricted	74,508,788	330,308,556	404,817,344
Corrective action fund	Restricted	4,479,881	430,780	4,910,661
Emergency fund	Designated	13,511,017	-	13,511,017
Employee absences fund	Designated	23,648,623	-	23,648,623
Liability reserve fund	Designated	1,325,881	16,004,600	17,330,481
O&M financial stability fund	Designated	73,903,781	160,989,972	234,893,753
Other restricted and designated funds	Both	9,715,340	-	9,715,340
Site development fund	Restricted	31,932,824	4,115,330	36,048,154
State revolving loan reserves	Restricted	26,395,263	9,018,750	35,414,013
Waste-by-rail cost transition fund	Designated	13,127,493	224,227,409	237,354,902
		<u><u>\$ 527,054,688</u></u>	<u><u>1,087,181,855</u></u>	<u><u>1,614,236,543</u></u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Cash in Bank

At June 30, 2018, the Districts' cash in bank deposits was \$6,613,630. All deposits are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure Districts' deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the Districts' deposits. California law also allows financial institutions to secure Districts' deposits by pledging first trust deed mortgage notes having a value of 150% of the Districts' total deposits. The Districts may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Cash on Hand

At June 30, 2018, the Districts had imprest cash funds in the amount of \$44,763.

Cash and Cash Equivalents

Cash consists of deposits in the interest-bearing Los Angeles County Pooled Surplus Investment Fund. Investments are stated at fair value. The fair value of the Districts' position in the pool is the same as the value of the pool shares. The Districts maintain separate balances for the individual Districts, and investment income is allocated on a pro rata basis. Because the Districts' deposits are maintained in a recognized pooled investment fund under the care of a third party and the Districts' share of the pool does not consist of specific, identifiable investment securities owned by the Districts, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The Districts' deposits in the fund are considered liquid.

Cash equivalents consist of investments in U.S. Bank Commercial Paper and First American Government Obligation Mutual Fund. Investments are stated at fair value. The fair value of the Districts' position in the pool is the same as the value of the pool shares. The Districts maintain separate balances for the individual Districts, and investment income is allocated on a pro rata basis. Because the Districts' deposits are maintained in a recognized pooled investment fund or in a mutual fund under the care of third parties and the Districts' share of the funds do not consist of specific, identifiable investment securities owned by the Districts, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The Districts' deposits in these funds are considered to be liquid.

Specific Investments

These represent investments in U.S. Agency securities and AA-Rated medium-term corporate notes.

Bond Funds with Trustee

The revenue bond indenture agreements require the independent bond trustee to hold bond funds in restricted-use accounts (see Note 8). The Districts hold monies to be used to: (a) finance the costs of acquisition, construction, and installation of certain additional improvements to the sewerage treatment and disposal facilities; (b) finance the cost of construction of a gas-to-energy facility; and (c) fund reserve accounts for debt service. At fiscal year-end, the balance of these funds amounted to \$3,857.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

At June 30, 2018, all monies are invested in First American Government Obligation Mutual Fund, as permitted by the bond indentures.

(4) Service Charge Revenue - Sewerage Funds

The Districts assess service charges against property owners using the Districts' sewerage system as a means of offsetting the cost of providing sanitation facilities. These service charges are collected through Los Angeles County's property tax billing system. During the fiscal year ended June 30, 2018, the Districts recorded the following service charge revenues:

District	Amount
1	\$ 25,843,308
2	36,622,242
3	29,490,693
4	3,881,571
5	41,698,090
8	10,448,449
9	57,095
14	32,071,628
15	29,129,736
16	17,357,228
17	2,271,284
18	20,296,024
19	6,581,738
20	23,291,967
21	24,968,537
22	19,261,790
23	378,757
28	640,192
29	1,858,191
Santa Clarita Valley	32,597,384
South Bay Cities	6,690,915
	<u>\$ 365,436,819</u>

(5) Property Taxes

Proposition 13, adopted June 6, 1978, in part added Article XIII-A to the California Constitution. Section 1 of Article XIII-A limits the maximum ad valorem tax on real property to 1% of full cash value. Section 1 stipulates that the limitation provided for in Section 1 shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on indebtedness approved by the voters prior to July 1, 1978.

Property tax revenues are distributed to special districts, local agencies, school districts, the County superintendent of schools, community college districts, and community redevelopment agencies in accordance with provisions of Section 26912 of the Government Code and Section 95-100 of the Revenue and Taxation Code.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Taxes Become a Lien

All tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as they exist on that date. The lien against real estate or the tax on personal property is not relieved by subsequent removal or change of ownership, and the Tax Collector cannot accept payment for taxes on real property unless the personal property tax indicated on the tax bill has been paid or is tendered. Secured property taxes are a lien against real property. Tax levies cover the fiscal year period July 1 to June 30; for instance, the 2017 tax levy is for the fiscal year 2017-2018.

Delinquency and Penalty

Taxes on the secured roll may be paid in two installments due November 1 and February 1. Taxes due on November 1 become delinquent if payment is not made or postmarked by December 10; and taxes due on February 1 become delinquent if payment is not made or postmarked by April 10. If December 10 or April 10 fall on Saturday, Sunday, or a legal holiday, the delinquency dates are extended to the next business day. The entire tax on real property may be paid when the first installment is due, if desired. The second may be paid separately only if the first installment has been paid.

Unsecured personal property taxes are not a lien against real property and are due on the first of January each year. These taxes become delinquent if not paid or postmarked by August 31. If August 31 falls on Saturday, Sunday, or a legal holiday, the delinquency date is extended to the next business day. If taxes are not paid by October 31, an additional penalty of 1.5% per month will accrue. Delinquent penalties of 10% are added to any unpaid secured and/or unsecured property taxes if received after the grace period.

(6) Accounts Receivable

Accounts receivable is composed of the following (in thousands):

	2018	2017
Sale of commodities	\$ 288	431
Sale of energy	4,863	1,320
Surcharge	19,381	21,043
Tipping fees, net of allowance	8,406	8,533
Other	3,851	3,709
Total accounts receivable	<u>\$ 36,789</u>	<u>35,036</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(7) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows (in thousands):

	June 30, 2017	Increases	Decreases	June 30, 2018
Capital assets, not being depreciated:				
Construction in progress (see note 16)	\$ 447,433	78,759	(75,580)	450,612
Land	220,307	776	-	221,083
Total capital assets, not being depreciated	667,740	79,535	(75,580)	671,695
Capital assets, being depreciated or amortized:				
Buildings and equipment	71,155	12,233	-	83,388
Capital improvements	544,257	604	(825)	544,036
Composting facility	121,852	266	-	122,118
Disposal rights	86,629	2,010	-	88,639
Equipment pool	62,970	11,674	(7,552)	67,092
Gas-to-energy facilities	222,696	1	(5,296)	217,401
Other	56,427	1,938	(8,289)	50,076
Rail facilities	54,061	-	-	54,061
Recycling and transfer facilities	63,537	1,466	-	65,003
Treatment plants	1,954,330	89,031	-	2,043,361
Trunk lines	1,389,436	6,273	-	1,395,709
Use rights	69,780	-	-	69,780
Total capital assets, being depreciated/amortized	4,697,130	125,496	(21,962)	4,800,664
Accumulated depreciation and amortization:				
Buildings and equipment	(46,912)	(2,787)	-	(49,699)
Capital improvements	(441,542)	(2,045)	-	(443,587)
Composting facility	(6,774)	(3,053)	-	(9,827)
Disposal rights	(36,797)	(2,049)	-	(38,846)
Equipment pool	(34,155)	(4,448)	5,565	(33,038)
Gas-to-energy facilities	(131,707)	(5,131)	1,975	(134,863)
Other	(26,923)	(1,812)	8,210	(20,525)
Recycling and transfer facilities	(20,354)	(1,837)	-	(22,191)
Treatment plants	(694,038)	(51,705)	-	(745,743)
Trunk lines	(544,657)	(21,000)	-	(565,657)
Use rights	(26,601)	(50)	-	(26,651)
Total accumulated depreciation/amortization	(2,010,460)	(95,917)	15,750	(2,090,627)
Total capital assets, being depreciated, net	2,686,670	29,579	(6,212)	2,710,037
Total capital assets, net	\$ 3,354,410	109,114	(81,792)	3,381,732

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Depreciation and amortization expense was charged to the Districts' various operations as follows (in thousands):

Sewerage Operations	\$ 78,143
Solid Waste Facilities Operations	6,270
Trustee Solid Waste Operations	2,617
Service Operations	8,887
Total depreciation and amortization expense	<u>\$ 95,917</u>

(8) Long-Term Debt

Revenue Bonds

In November 2008, the Financing Authority issued \$19,661,583 in 2008 Series A Clean Renewable Energy Bonds (CREBS). The purpose of the bonds was to pay a portion of the cost of acquiring, constructing, and installing the Calabasas Gas-to-Energy Facility. The bonds were issued at a rate of 1.25% per annum and mature on December 15, 2021.

In July 2011, the Financing Authority issued \$130,615,000 of 2011 Series A Capital Projects Senior Ad Valorem Obligation Bonds (2011 Series A Bonds). The proceeds of the 2011 Series A Bonds were used to refund and defease a portion of the Financing Authority's outstanding 2003 Series A Bonds and pay costs of issuance. These serial bonds mature in varying amounts on October 1 in years 2014 through 2023 at coupon rates ranging from 2.5% to 5.0%. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$12.5 million and resulted in an economic gain of \$10.6 million. In March 2017, Standard & Poor's upgraded its rating of the 2011 Series A Bonds to AAA from AA+.

In July 2013, the Financing Authority issued \$107,620,000 of 2013 Series A Capital Projects Senior Ad Valorem Obligation Bonds (2013 Series A Bonds). The proceeds of the 2013 Series A Bonds were used to refund and defease the remaining portion of the Authority's outstanding 2003 Series A Bonds at substantially lower interest rates and pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2013 through 2021 at coupon rates ranging from 1.0% to 5.0%. In March 2017, Standard & Poor's upgraded its rating of the 2013 Series A Bonds to AAA from AA+.

In July 2015, the Authority issued \$149,940,000 of 2015 Series A Capital Projects District No. 14 Subordinate Revenue Bonds (2015 Series A Bonds). The proceeds of the 2015 Series A Bonds were used to refund and defease the Authority's outstanding 2005 Series B Subordinate Bonds and to pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2015 through 2035 at coupon rates ranging from 2.0% to 5.0%. In March 2017, Standard & Poor's upgraded its rating of the 2015 Series A Bonds to AA- from A+.

In November 2016, the Authority issued \$170,265,000 of 2016 Series A Capital Projects District No. 20 Revenue Bonds (2016 Series A Bonds). The proceeds of the 2016 Series A Bonds were used to refund all of the Authority's outstanding 2005 Series A Bonds, refund all of the Authority's outstanding 2007 Series A Bonds, refinance certain improvements to the Sewerage System of District

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

No. 20 by prepaying in full District No. 20's outstanding Clean Water State Revolving Fund Loan, and pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2017 through 2036 at coupon rates ranging from 3.0% to 5.0%. The 2016A Bonds are rated A+ by Standard & Poor's and AA- by Fitch Ratings.

Total Bond Indebtedness

The Districts' bond indebtedness is summarized as follows:

	Balance at June 30, 2017	Additions	Redemptions	Balance at June 30, 2018	Due Within One Year
Revenue Bonds:					
2008 Series A	\$ 7,021,990	-	(1,404,400)	5,617,590	1,404,400
2011 Series A	124,535,000	-	(24,175,000)	100,360,000	25,210,000
2013 Series A	15,670,000	-	(2,800,000)	12,870,000	2,945,000
2015 Series A	142,480,000	-	(2,945,000)	139,535,000	3,095,000
2016 Series A	170,265,000	-	(3,125,000)	167,140,000	3,255,000
	<u>\$ 459,971,990</u>	<u>-</u>	<u>(34,449,400)</u>	<u>425,522,590</u>	<u>35,909,400</u>
Plus unamortized premium	46,682,990	-	(6,654,238)	40,028,752	-
Bonds payable, net	<u>\$ 506,654,980</u>	<u>-</u>	<u>(41,103,638)</u>	<u>465,551,342</u>	<u>35,909,400</u>

Total Bond Debt Outstanding

The annual requirements to satisfy all bond debt outstanding as of June 30, 2018, are as follows:

Fiscal year ending June 30:	Interest	Principal	Total
2019	\$ 19,126,137	35,909,400	55,035,537
2020	17,411,708	37,564,400	54,976,108
2021	15,581,840	39,334,400	54,916,240
2022	14,193,472	18,794,390	32,987,862
2023	13,375,744	15,370,000	28,745,744
2024-2028	57,445,370	59,075,000	116,520,370
2029-2033	41,154,970	80,755,000	121,909,970
2034-2038	18,119,004	88,840,000	106,959,004
2039-2043	5,147,400	49,880,000	55,027,400
	<u>\$ 201,555,645</u>	<u>425,522,590</u>	<u>627,078,235</u>
Unamortized premium	-	40,028,752	40,028,752
Bonds payable, net	<u>\$ 201,555,645</u>	<u>465,551,342</u>	<u>667,106,987</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

State Water Resources Control Board

The Districts also have several state revolving fund loans payable to the State Water Resources Control Board. These loan funds are received on an installment basis as the Districts incur the related expenditures and are repaid over a period not exceeding 30 years. The funds are utilized in the construction and expansion of wastewater conveyance and reclamation facilities.

The Districts' indebtedness to the State is summarized as follows:

Description	Interest Rate	Balance at July 1, 2017	Drawdowns/ Capitalized Interest	Redemptions	Balance at June 30, 2018
Alamitos Pumping Plant Force Main No. 2	1.70 % \$	795,635	-	43,689	751,946
Biological Reactors/Secondary Clarifiers	2.40	35,928,900	-	5,638,799	30,290,101
Central Odor Control System	2.40	4,592,794	-	574,099	4,018,695
Cryogenic Oxygen Generation	2.40	7,207,734	-	1,201,289	6,006,445
Digestion Tanks 17-23	2.40	18,610,313	-	2,658,616	15,951,697
Environmental Laboratory Building	2.40	3,373,070	-	481,867	2,891,203
Fuel Gas Compressor Upgrade	2.40	220,880	-	36,813	184,067
Heat Recovery Steam Generation Equipment	2.40	2,169,571	-	216,957	1,952,614
High-Speed Scroll Centrifuges Purch & Install	2.40	1,858,362	-	232,295	1,626,067
Install of Secondary Infl Pumping Equip Stg II	2.40	649,023	-	81,128	567,895
Installation of Secondary Influent Pumping Equip	2.40	1,427,610	-	237,935	1,189,675
J.O. A Unit 1A - Dist 5 Interceptor Trunk Sewer	2.10	11,840,850	-	516,920	11,323,930
JO "A" Unit 6 Rehabilitation	1.70	-	9,872,596	-	9,872,596
JO "B" Unit 1A Rehabilitation	1.70	-	9,556,071	-	9,556,071
JO "D" Units 7&8 Rehabilitation	1.70	-	6,818,065	-	6,818,065
Lancaster - Rosamond Outfall & TS, Phase 1	2.30	3,954,995	-	356,270	3,598,725
Lancaster - Rosamond Outfall & TS, Phase 2	2.30	6,871,626	-	619,004	6,252,622
Lancaster - Rosamond Outfall & TS, Phase 3	2.30	6,303,463	-	567,823	5,735,640
Lancaster WRP Stage V Expansion	2.60	60,451,228	-	3,346,687	57,104,541
Long Beach Main PP Facility Upgrades	1.90	36,956,918	3,274,454	-	40,231,372
Long Beach WRP Aeration System	2.40	138,192	-	23,032	115,160
Long Beach WRP Ammonia Addition Station	2.40	364,961	-	52,137	312,824
Long Beach WRP NDN Facilities	2.40	2,613,421	-	237,584	2,375,837
Long Beach WRP NDN Facilities Equip. Purch.	2.40	201,790	-	33,632	168,158
Los Coyotes WRP Ammonia Addition Station	2.40	528,761	-	75,537	453,224
Los Coyotes WRP Interceptor Sewer Rehab Phase	2.70	9,388,037	-	560,709	8,827,328
Los Coyotes WRP NDN Facilities	2.40	9,646,351	-	876,941	8,769,410
Modification of Biological Reactors	2.40	14,654,385	-	1,947,517	12,706,868
Modifications of Electrical Power	2.40	1,222,142	-	203,690	1,018,452
Pomona WRP NDN Facilities	2.40	2,157,551	-	308,222	1,849,329
Pomona WRP NDN Facilities Equip. Purch.	2.40	79,895	-	11,414	68,481
Power Generation Equipment Purchase	2.40	3,913,466	-	652,244	3,261,222
Power Generation Steam Turbine Generator	2.40	1,616,624	-	161,662	1,454,962
Primary Screenings and Grit Dewatering Fac.	2.40	3,517,033	-	586,172	2,930,861
Primary Tank Covers	2.40	1,092,516	-	208,264	884,252
Purch of Secondary Infl Pump Station Equip	2.40	4,381,913	-	547,739	3,834,174

Continued on following page

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Description	Interest Rate	Balance at July 1, 2017	Drawdowns/ Capitalized Interest	Redemptions	Balance at June 30, 2018
Relocating and Installing High-Speed Centrifuge	2.40 %	\$ 632,717	-	105,453	527,264
San Jose Creek East Flow Equalization	1.80	-	7,127,904	-	7,127,904
San Jose Creek WRP NDN Fac. Equip Purch	2.40	614,544	-	76,818	537,726
San Jose Creek WRP NDN Facilities	2.40	4,178,368	-	522,296	3,656,072
Saugus WRP Equipment Purchases	2.40	713,039	-	89,130	623,909
Secondary Effluent Pumps	2.60	433,049	-	67,624	365,425
Silo Odor Control Facilities, Phase I	2.40	2,431,645	-	347,378	2,084,267
Silo Odor Control Facilities, Phase II	2.40	1,473,920	-	163,769	1,310,151
Valencia WRP Solids Processing Expansion	2.80	1,612,774	-	537,591	1,075,183
Valencia WRP Stage V Expansion	2.40	423,082	-	70,514	352,568
Valencia WRP Stage V	2.40	16,294,152	-	2,327,736	13,966,416
Valencia WRP Steam Boiler Upgrade	1.70	3,819,970	-	195,688	3,624,282
Waste Activated Sludge Thickening Expansion	2.40	1,257,313	-	209,552	1,047,761
Whittier Narrows WRP NDN Facilities	2.40	2,808,326	-	216,025	2,592,301
Wright Road Trunk Sewer Repair	2.60	479,435	-	28,828	450,607
		\$ 295,902,344	36,649,090	28,255,089	304,296,345
Less unamortized discount		(17,156,065)	-	(2,359,758)	(14,796,307)
Loans payable to State, net		\$ 278,746,279	36,649,090	25,895,331	289,500,038

The annual debt service requirements as of June 30, 2018, for the Districts' indebtedness to the State are as follows:

Fiscal year ending June 30:	Interest	Principal	Total
2019	\$ 6,735,215	30,623,690	37,358,905
2020	6,548,523	31,232,880	37,781,403
2021	6,095,987	31,058,057	37,154,044
2022	5,813,190	31,650,077	37,463,267
2023	5,420,428	31,807,248	37,227,676
2024-2028	14,303,344	70,721,628	85,024,972
2029-2033	5,662,821	40,826,000	46,488,821
2034-2038	2,400,452	18,491,635	20,892,087
2039-2043	1,443,552	8,442,869	9,886,421
2044-2048	442,383	6,543,784	6,986,167
2049-2053	511,491	2,898,477	3,409,968
	\$ 55,377,386	304,296,345	359,673,731
Unamortized discount	-	(14,796,307)	(14,796,307)
Loans payable to State, net	\$ 55,377,386	289,500,038	344,877,424

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(9) Insurance

The Districts are exposed to various risks of loss and have effectively managed risk through a combination of insurance with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are also considered. There were no settlements or claims in the past three years that exceeded insurance coverage.

The Districts are self-insured for workers' compensation benefits. As of June 30, 2018, the liability for workers' compensation claims was estimated at \$11,146,212. Accordingly, this amount has been accrued in the accompanying basic financial statements.

At June 30, 2018, there were no reportable claims other than workers' compensation benefits as follows (in thousands):

	2018	2017
Unpaid claims, beginning of fiscal year	\$ 11,620	11,173
Incurred claims	2,186	3,405
Claim payments	(2,660)	(2,958)
Unpaid claims, end of fiscal year	<u>\$ 11,146</u>	<u>11,620</u>
Due within one year	\$ 2,785	2,905

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts are insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the Districts as of June 30, 2018:

Coverage	Facility	Limits
General Liability (excess coverage)	All Facilities, includes excess auto liability coverage	\$ 25,000,000
	Annual Earth Day event	1,000,000
Auto Liability-Bodily injury and property damage (primary to above)	On-road vehicles	1,000,000
Property-Fire, burglary, extended coverage vandalism and malicious mischief	Specific buildings and contents	479,457,298
Crime policy-Employee theft	All employees	5,000,000
Marine-vessel value plus instrumentation	1989 66-foot Ocean Sentinel	500,000
	1988 25-foot Farallon Vessel	45,000
	1976 19-foot Boston Whaler	2,500
Marine-protection and indemnity		1,000,000
All risks-Real and personal	Combined single limit/	
Property	Gas-to-energy facilities	100,000,000
Earthquake and flood	Gas-to-energy facilities	30,000,000
Business interruption	Puente Hills energy recovery from gas	19,473,490
Extra expense		23,100,000
Pollution legal liability	Wastewater system	5,000,000
Fiduciary liability-deferred compensation program		1,000,000

(10) Litigation

The Districts are defendants in various litigation matters arising from the normal conduct of business. It is the opinion of the Districts' legal counsel that the resolution of these matters is not likely to have a material adverse effect on the Districts' overall financial condition.

(11) Defined Benefit Pension Plan

Plan Description

The Districts' defined benefit pension plan, Public Employees' Retirement System (PERS), is available to all qualified permanent and probationary employees. PERS is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California (State). Benefit provisions and all other requirements are established by State statute. CalPERS issues an annual report that includes

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

financial statements and required supplementary information. That report may be obtained by writing to CalPERS, Executive Office, 400 P Street, Sacramento, California, 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years service	5-years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.925%	5.750%
Required employer contribution rates	13.857%	11.254%

Employees Covered

The following employees were covered by the benefit terms for each Plan as of June 30, 2017, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	1,563
Inactive employees or beneficiaries entitled to but not yet receiving benefits	488
Active employees not receiving benefits	<u>1,635</u>
	<u><u>3,686</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined annually based on an actuarial study and shall be effective on July 1 following notice of a change in rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Districts are required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Net Pension Liability

The Districts' net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net position liability is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard actuarial methods. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry-age Normal Cost Method
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.75% per annum
Payroll growth	3.00%
Projected salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of investment expenses, including inflation
Mortality	Derived by using CalPERS membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016, valuation were based on an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate and Rate of Return

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tested plan does not run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns, rounded down to the nearest one-quarter of one percent.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation was adopted by the CalPERS Board and was calculated net of investment expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

(a) Expected inflation of 2.5% used for this period

(b) Expected inflation of 3.0% used for this period

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 ⁽¹⁾	\$ 1,587,212,536	1,206,266,879	380,945,657
Changes in the year:			
Service cost	24,204,172	-	24,204,172
Administrative expenses	-	(1,780,853)	1,780,853
Interest on the total pension liability	116,478,910	-	116,478,910
Difference between expected and actual experience	(30,829,545)	-	(30,829,545)
Changes in assumptions	97,543,167	-	97,543,167
Contributions-employer	-	26,848,459	(26,848,459)
Contributions-employee (paid by employer)	-	11,300,541	(11,300,541)
Net investment income	-	134,988,348	(134,988,348)
Benefit payments, including refunds	(73,905,142)	(73,905,142)	-
Net Changes	133,491,562	97,451,353	36,040,209
Balance at June 30, 2018 ⁽²⁾	\$ 1,720,704,098	1,303,718,232	416,985,866

⁽¹⁾ Measurement date June 30, 2016

⁽²⁾ Measurement date June 30, 2017

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Districts Plan calculated using the current discount rate, as well as what the Districts' net pension liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current rate.

	1% Decrease	Current Rate	1% Increase
Discount Rate	6.15%	7.15%	8.15%
Net pension liability	651,416,134	416,985,866	223,001,640

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2018, the Districts recognized pension expense of \$48,660,562. At June 30, 2018, the Districts reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 29,387,862	-
Changes in assumptions	74,858,702	(9,196,891)
Difference between expected and actual experiences	-	(35,151,936)
Net difference between projected and actual pension plan investments	16,204,712	-
Total	\$ 120,451,276	(44,348,827)

Deferred outflows of resources of \$29,387,862 are related to contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Pension Expense
2019	\$ 2,294,254
2020	28,086,326
2021	21,717,802
2022	(5,383,795)
2023	-
Total	\$ 46,714,587

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Payable to the Pension Plan

The Districts did not have an outstanding amount due for required contributions to the pension plan for the fiscal year ended June 30, 2018.

(12) Other Postemployment Benefits (OPEB) Plan

Plan Description

The Districts provide health care and dental benefits for qualifying retired employees and their dependents or survivors. The Districts have entered into a prefunding plan for their OPEB plan with the CalPERS California Employer's Retiree Benefit Trust Program (CERBT). The prefunding plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 45 consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT. The report may be obtained via the internet by accessing the Forms & Publication Center of the CalPERS web site at www.calpers.ca.gov or by calling 888-CalPERS (or 888-225-7377).

Benefits Provided

Employees hired prior to July 1, 2011 (September 1, 2015 for Technical Support unit) and retire (service or disability) directly from the Districts with a minimum of 5 years of Districts service are eligible for other postemployment benefits. The Districts pay retiree and dependent medical premiums up to the Kaiser Permanente premium cap (greater of Los Angeles or Other Southern California premium) depending on employee classification:

		Hourly Employees		Monthly Employees
2017	\$	599.54	\$	1,558.80
2018	\$	666.80	\$	1,733.68

The Districts contribute the greater of the cap above and the State 100/90 premium for employees hired on or after July 1, 2011 (September 1, 2015 for Technical Support unit employees). Benefits are 50% vested after 10 years of CalPERS service with a minimum of 5 years Districts service, and reach full vesting at 20 years of CalPERS service. Disability retirement qualifies for 100% vested benefit.

		Single		2-Party		Family
2017	\$	707.00	\$	1,349.00	\$	1,727.00
2018	\$	725.00	\$	1,377.00	\$	1,766.00

The Districts pay dental premiums up to \$31.25 monthly.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Employees Covered

The following employees were covered by the benefit terms for each Plan as of June 30, 2017, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	1,291
Inactive employees or beneficiaries entitled to but not yet receiving benefits	51
Active employees not receiving benefits	<u>1,647</u>
	<u>2,989</u>

Contributions

The obligation of the Districts to contribute to plan benefits is established and can be amended by Districts Boards action. Employees are not required to contribute to the plan. For the fiscal year ended June 30, 2018, the Districts total employer contribution to the plan was \$21,766,000.

Net OPEB Liability

The Districts' net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial assumptions

Discount rate	6.75%
Inflation	2.75% per annum
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	6.75%, net of investment expenses
Mortality, termination, and disability	CalPERS 1997-2015 Experience Study
Mortality improvement scale	Mortality projected fully generational with Scale MP-17
Healthcare trend rate	Pre-Medicare-7.5% for 2019, decrease to 4% for 2076 and later Medicare-6.5% for 2019, decreasing to 4% for 2076 and later

Discount Rate and Rate of Return

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns,

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Equities	57%	4.82%
Fixed income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		6.78%

Changes in the Net OPEB Liability

The changes in the Net OPEB Liability for the Plan are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability/(Asset)</u>
Balance at June 30, 2017 ⁽¹⁾	\$ 374,014,000	139,759,000	234,255,000
Changes in the year:			
Service cost	9,112,000	-	9,112,000
Administrative expenses	-	(77,000)	77,000
Interest on the total OPEB liability	25,347,000	-	25,347,000
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions-employer	-	22,344,000	(22,344,000)
Net investment income	-	15,137,000	(15,137,000)
Benefit payments, including refunds	(15,240,000)	(15,240,000)	-
Net Changes	19,219,000	22,164,000	(2,945,000)
Balance at June 30, 2018 ⁽²⁾	\$ 393,233,000	161,923,000	231,310,000

⁽¹⁾ Measurement date June 30, 2016

⁽²⁾ Measurement date June 30, 2017

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Districts calculated using the current discount rate, as well as what the Districts' net OPEB liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current rate.

	1% Decrease	Current Rate	1% Increase
Discount Rate	5.75%	6.75%	7.75%
Net OPEB liability	287,211,000	231,310,000	185,467,000

OPEB Plan Fiduciary Net Position

Detailed information about each OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports.

OPEB Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2018, the Districts recognized OPEB expense of \$23,772,000. At June 30, 2018, the Districts reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 21,766,000	-
Changes in assumptions	-	-
Difference between expected and actual experiences	-	-
Net difference between projected and actual OPEB plan investments	-	4,373,000
Total	\$ 21,766,000	4,373,000

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Deferred outflows of resources of \$21,766,000 are related to contributions made subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be an offset of OPEB expense as follows:

Year Ended June 30		OPEB Expense
2019	\$	(1,093,000)
2020		(1,093,000)
2021		(1,093,000)
2022		(1,094,000)
2023		-
Total	\$	<u>(4,373,000)</u>

(13) Employee Deferred Compensation Plan

All monthly and hourly employees are eligible to participate in the Sanitation Districts of Los Angeles County Deferred Compensation Plan (Plan). The Plan was created in accordance with Internal Revenue Code Section 457(b). Pursuant to the Plan guidelines, a portion of an employee's compensation can be deferred to provide funds upon retirement, termination, reaching age 70½, unforeseeable emergencies, or designated beneficiaries at the time of death. The annual IRS plan contribution limit for 2018 was \$18,500 and will increase to \$19,000 in 2019.

At June 30, 2018, assets with a fair value of \$311,776,892 were held for the exclusive benefit of participants and their beneficiaries in the Plan's custodial accounts. Accordingly, such assets have been excluded from the accompanying basic financial statements.

(14) Compensated Absences

The changes to compensated absences balances at June 30, 2018, were as follows:

Balance at July 1, 2017	Earned	Taken	Balance at June 30, 2018	Due Within One Year
\$ 36,722,140	26,889,212	27,034,105	36,577,247	27,000,000

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(15) Interdistrict Receivables, Payables, and Transfers

(A) Interdistrict Receivables and Payables

The interdistrict receivables and payables have been eliminated in the accompanying basic financial statements. The following summarizes interdistrict receivables and payables, which have been included in the Districts' combining financial statements, at June 30, 2018:

	Due From Other Districts	Due To Other Districts
Sewerage Operations:		
District No. 1	\$ 3,934,325	-
District No. 2	5,814,074	-
District No. 3	4,466,745	-
District No. 4	142	-
District No. 5	6,519,730	-
District No. 8	2,765,385	-
District No. 9	-	1,208
District No. 14	407,541	-
District No. 15	4,760,230	-
District No. 16	2,446,211	-
District No. 17	314,105	-
District No. 18	3,112,877	-
District No. 19	849,700	-
District No. 20	-	161,794
District No. 21	3,983,877	-
District No. 22	3,034,434	-
District No. 23	519,022	-
District No. 27	-	1,295
District No. 28	95,695	-
District No. 29	122,038	-
District No. 34	3	-
Joint Outfall	-	30,856,787
Newhall Ranch	-	12,673
Santa Clarita Valley	488,738	-
South Bay Cities	1,041,883	-

Continued on the following page

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

	Due From Other Districts	Due To Other Districts
Stormwater Operations	-	9,090
Total Stormwater Operations	-	9,090
Solid Waste Facilities Operations:		
Palos Verdes Landfill	65,110	-
Spadra Landfill	80,342	-
South Gate Transfer Station	55,797	-
Puente Hills Landfill	735,729	-
Puente Hills Materials Recovery Facility	-	254,374
Downey Area Recycling & Transfer Station	33,940	-
Mesquite Landfill	-	49,344
Total Solid Waste Facilities Operations	970,918	303,718
Trustee Solid Waste Facilities Operations:		
Scholl Canyon Landfill	37,436	-
Calabasas Landfill	48,915	-
Los Angeles County Equipment Pool	-	25,146
Los Angeles County Refuse Disposal	11,297	-
Total Trustee Solid Waste Facilities Operations	97,648	25,146
Service Operations:		
Joint Administration	-	7,475,896
Technical Support	-	6,842,551
Joint Refuse Disposal	41,202	-
Joint Refuse Equipment Pool	42,631	-
Joint Administration Equipment Pool	-	92,134
Joint Outfall Equipment Pool	-	46,862
Total Service Operations	83,833	14,457,443
Total Interdistrict Receivables and Payables	\$ 45,829,154	45,829,154

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(B) Fund Transfers

The interdistrict fund transfers have been eliminated in the accompanying basic financial statements. Fund transfers are made to fund operations, fund capital expenses for shared operations, and make bond payments. The following summarized interdistrict fund transfers, which have been included in the Districts' combining financial statements, at June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Sewerage Operations:		
District No. 1	\$ 4,544,894	9,533,490
District No. 2	6,811,678	14,081,854
District No. 3	5,235,492	10,886,156
District No. 4	324,293	324,625
District No. 5	9,508,591	17,970,067
District No. 8	2,709,471	5,623,221
District No. 9	45,573	45,905
District No. 14	10,455,395	10,590,502
District No. 15	6,292,522	12,308,160
District No. 16	3,743,758	7,117,046
District No. 17	481,220	917,359
District No. 18	3,725,107	7,614,326
District No. 19	1,130,193	2,234,982
District No. 20	11,005,274	11,089,656
District No. 21	4,303,056	9,097,475
District No. 22	3,655,093	7,659,818
District No. 23	627,213	1,169,626
District No. 27	63,736	64,068
District No. 28	162,409	300,253
District No. 29	114,414	291,145
District No. 34	-	332
Joint Outfall	85,212,287	33,486,081
Newhall Ranch	-	332
Santa Clarita Valley	3,322,183	3,528,087
South Bay Cities	1,639,328	3,119,156
Total Sewerage Operations	<u>165,113,180</u>	<u>169,053,722</u>
Stormwater Operations	<u>798</u>	<u>-</u>
Total Stormwater Operations	<u>798</u>	<u>-</u>

Continued on the following page

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

	<u>Transfers In</u>	<u>Transfers Out</u>
Solid Waste Facilities Operations:		
Palos Verdes Landfill	6,593	23,517
Spadra Landfill	2,600,000	2,602,031
South Gate Transfer Station	6,370,194	7,370,194
Puente Hills Landfill	1,905,243	1,908,843
Puente Hills Materials Recovery Facility	26,176,985	9,855,520
Downey Area Recycling & Transfer Station	3,340,858	2,019,242
Mesquite Landfill	<u>1,000,000</u>	<u>-</u>
Total Solid Waste Facilities Operations	<u>41,399,873</u>	<u>23,779,347</u>
Trustee Solid Waste Facilities Operations:		
Scholl Canyon Landfill	8,612,123	9,853,069
Calabasas Landfill	7,827,197	9,070,236
Los Angeles County Equipment Pool	2,479,000	-
Los Angeles County Refuse Disposal	<u>-</u>	<u>92</u>
Total Trustee Solid Waste Facilities Operations	<u>18,918,320</u>	<u>18,923,397</u>
Service Operations:		
Joint Administration	23,769,499	9,240,195
Technical Support	635,747	-
Joint Refuse Disposal	2,502,481	31,493,237
Joint Administration Equipment Pool	<u>150,000</u>	<u>-</u>
Total Service Operations	<u>27,057,727</u>	<u>40,733,432</u>
Total Fund Transfers	\$ <u><u>252,489,898</u></u>	<u><u>252,489,898</u></u>

(16) Commitments and Contingencies

(A) Palos Verdes Landfill

The Palos Verdes Landfill discontinued accepting refuse material in December 1980 and is being maintained by the Districts under the terms of the long-term agreement with the County of Los Angeles.

(B) Mission Canyon Landfill

The Joint Powers Agreement between the Districts and County of Los Angeles was amended to provide for the maintenance of the Mission Canyon Landfill. The amended agreement terminated the Districts' usufructuary rights to the landfill and the County has requested the Districts continue to perform ongoing operation and maintenance of the site at no cost to the Districts.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(C) Spadra Landfill

The Spadra Landfill discontinued accepting refuse material from the public in April 2000 and is being maintained by the Districts and the California State Polytechnic University, Pomona (Cal Poly), under the terms of the Spadra Landfill and Resource Conservation Agreement and Supplemental Agreement with Cal Poly. Pursuant to implementation of GASB 18, accrued liabilities for the cost of ultimate disposition have been established (see Note 18).

(D) Calabasas Landfill

In December 2005, the JPA was amended to provide financing for the ongoing operation of the Calabasas Landfill. The County of Los Angeles, through its Financing Authority, issued \$38.5 million of lease revenue bonds at coupon rates ranging from 3.5% to 4.25%. The proceeds from the bonds, maturing in 2022, are drawn down periodically by the Districts to fund future capital expenditures at the landfill. Although landfill revenue in excess of operation and maintenance expenses has been pledged toward the debt repayment, the County has the sole responsibility for the bonded indebtedness, even if a shortfall in landfill revenue occurs. Because of this, the County assumed responsibility under the amended agreement for setting the tipping fees at the landfill. The Districts act solely as an advisor on the rates that would be necessary to generate sufficient revenue to pay for operation, maintenance, capital, and debt service.

(E) Construction in Progress

The Districts have been involved in various construction projects throughout the fiscal year. Accordingly, the Districts have several contractual commitments, since many of the projects are still in the construction phase. Construction projects are being funded by loans from the State Water Resources Control Board, revenue bonds, and Districts' operating funds.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(17) Joint Ventures

The Districts have entered into four agreements that formed the basis of the following authorities: (1) the Southern California Coastal Water Research Project Authority (SCCWRPA); (2) the Commerce Refuse to Energy Authority (CREA); (3) the Southeast Resource Recovery Facility Authority (SERRF); and (4) the Inland Empire Regional Composting Authority (IERCA). The governing bodies of these authorities are appointed pursuant to each of the Joint Powers agreements. The budgeting and financing functions of SCCWRPA, CREA, SERRF, and IERCA are maintained by the individual authorities.

(A) SCCWRPA

The SCCWRPA's stated purpose is to increase the scientific knowledge of how treated wastewater discharges, stormwater discharges, and other human activities interact to affect Southern California's coastal aquatic ecological systems, and thereby to ensure protection of these resources. The boundaries of this SCCWRPA study area include the coastal waters from the Ventura-Santa Barbara County line to the Mexican border, extending to, but not limited to, the outer edge of the coastal shelf.

The current participants in this agreement are Sanitation Districts of Los Angeles County, the City of Los Angeles, Orange County Sanitation District, and the City of San Diego. A major portion of funding (\$2,200,000 in 2017-2018) is provided by the sponsoring agencies paying equal shares. Additional funding is provided by the County of Los Angeles, the County of Orange, the County of San Diego, and the County of Ventura. The Districts account for their contributions as operating expenses. Complete separate financial statements for SCCWRPA may be obtained at 3535 Harbor Blvd., Costa Mesa, California, 92626-1437.

(B) CREA

CREA was formed as an equal partnership between the Districts and the City of Commerce (City) to construct and operate the first major refuse-to-energy facility in California. This facility provided for the disposal of approximately 360 tons of refuse daily and produced about 10 megawatts of electrical energy, which was sold through power agreements.

CREA ceased operations on June 26, 2018, due to continued financial losses resulting from lower power revenue. CREA is currently preparing the facility and site for eventual sale.

CREA and the City entered into an agreement that provides the City a 60 day right of first offer to purchase the facility commencing when CREA notifies the City of its intent to sell the facility. If the City declines, the Authority can offer it for sale to other parties and the City can match any offer received. The various agreements governing CREA require that proceeds from sale of the facility and any remaining net position be distributed to the Districts and the City in proportion to their relative paid-in-capital balances. In September 2018 equal distributions of paid-in-capital were made to the Districts and the City, resulting in the City's paid-in-capital balance decreasing to zero. Because the Districts are the only party with a paid-in-capital balance, the Districts will ultimately receive the final net position of CREA.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Because the Districts account for their investment in CREA using the equity method, 50% of the gain/loss in the joint venture is reflected in the accompanying basic financial statements. Complete separate financial statements for CREA may be obtained by writing to P.O. Box 4998, Whittier, California, 90607-4998 or at the Districts' Joint Administrative Office.

(C) SERRF

The SERRF Authority was formed as a joint powers agency by an agreement between the Districts and the City of Long Beach (City). Subsequent to formation, lease revenue bonds were issued by the City to construct a waste-to-energy facility and to contract for the design, construction, and demonstration of such plant.

The City has contracted to lease the facility from the SERRF Authority for purposes of operating the facility. The City's lease payments to the SERRF Authority are paid in amounts sufficient to meet the SERRF Authority's debt service obligations on the bonds, plus pay the SERRF Authority's administrative and other costs. Lease overpayments, if any, are refunded to the City. The lease is to end when all bonds of the SERRF Authority have been retired or when the energy contract is terminated. The SERRF facility's operational revenues (i.e., tipping fees, sale of power) and expenditures (i.e., labor) are accounted for in the City's Solid Waste Management Enterprise Fund.

The Districts account for this investment in SERRF using the cost method. Complete separate financial statements for SERRF may be obtained at 120 Pier S Avenue, Long Beach, California, 90802.

(D) IERCA

The Districts and the Inland Empire Utilities Agency (IEUA) entered into a Joint Powers Agreement to acquire a site or sites to be used for the composting of biosolids and to construct, operate, and maintain composting and ancillary facilities. The Districts and the IEUA jointly purchased a site located in the County of San Bernardino, prior to the formation of IERCA. The Districts and the IEUA maintain an equal ownership in IERCA. Because the Districts account for their investment in IERCA using the equity method, 50% of the gain/loss in the joint venture is reflected in the accompanying basic financial statements.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

A summary of most recently available financial information of the above joint ventures are as follows (in thousands):

	CREA 6/30/2018 Audited	IERCA 6/30/2018 Audited	SCCWRPA 6/30/2018 Audited	SERRF 9/30/2017 Audited
Total assets	\$ 13,996	88,824	5,518	33,482
Other liabilities	4,074	1,753	1,546	278
Bonds payable	-	-	-	21,697
Total liabilities	\$ 4,074	1,753	1,546	21,975
Districts' investment	9,922	42,055	-	-
Other	-	45,016	3,972	11,507
Total net position	\$ 9,922	87,071	3,972	11,507
Operating revenues	\$ 11,415	8,747	7,439	640
Operating expenses	(13,571)	(10,553)	(7,423)	(80)
Nonoperating revenues (expenses)	(14,634)	(98)	44	(209)
Capital contribution revenue (expense)	(240)	-	-	-
Change in net position	\$ (17,030)	(1,904)	60	351

(18) Landfill Closure and Postclosure Care

At June 30, 2018, the Districts reported a closure and postclosure care liability of \$317,578,518, which represents the cumulative amount reported to date based on the use of estimated capacity of the landfill sites as follows:

	Estimated Closure/ Postclosure Costs	Total Estimated Capacity (Tons in Millions)	Percentage of Capacity Used to Date	Closure/ Postclosure Liability Balance at July 1, 2017	Change in Estimated Closure/ Postclosure Cost	Closure/ Postclosure Costs Applied to Liability	Closure/ Postclosure Liability Balance at June 30, 2018
Landfills							
Trustee Landfills							
Calabasas	\$ 85,043,344	31.07	82.46	68,106,175	2,019,685	-	70,125,860
Scholl Canyon	11,999,995	33.78	89.60	11,109,761	(358,135)	-	10,751,626
Total Trustee Landfills	97,043,339			79,215,936	1,661,550	-	80,877,486
Districts' Landfills	-						
Puente Hills	227,073,533	142.05	100.00	204,377,609	-	(12,607,653)	191,769,956
Spadra	50,878,443	17.19	100.00	46,756,408	-	(1,825,332)	44,931,076
Total Districts' Landfills	277,951,976			251,134,017	-	(14,432,985)	236,701,032
Total all sites	\$ 374,995,315			330,349,953	1,661,550	(14,432,985)	317,578,518

The remaining estimated cost of closure and postclosure costs for Calabasas and Scholl Canyon landfills will be recognized as the remaining estimated capacity is filled. These amounts represent what it would cost to perform all closure and postclosure care as of June 30, 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. The current liability due within one year is \$1,994,516 for Spadra, and \$8,821,771 for Puente Hills.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts are required by federal and state laws, regulations, and agreements with the County of Los Angeles to make annual contributions to finance future closure and postclosure care. The Districts are in compliance with these requirements, and at June 30, 2018, contributions of approximately \$405 million are held in reserve for these purposes. These monies are reported as restricted funds on the accompanying statement of net position. The Districts expect that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined these costs may need to be covered by charges to future landfill users or by contributions from Districts that are participants in the Sanitation Districts Solid Waste Management System Agreement or the Los Angeles County Refuse Disposal Trust Agreement. Scholl Canyon landfill is scheduled to close in 2027 and Calabasas landfill is scheduled to close in 2037.

(19) Environmental Liabilities

The Districts purchased the Fletcher Oil and Refining Company (FORCO) property, located adjacent to the Joint Water Pollution Control Plant, in June 2000. Under the purchase agreement, Street Environmental, LLC (Street), was required to complete demolition of the refinery structures and storage tanks on the site, remediate the environmental conditions on the property, and obtain regulatory closure as an industrial site. However, due to Street's failure to complete the required work, the Districts assumed control of all site work beginning in January 2010. The changes in liabilities for pollution remediation during the fiscal year are as follows:

			Payments		
	Balance at	Additions or	Current	Balance at	Due Within
	July 1, 2017	Adjustments	Year	June 30, 2018	One Year
\$	1,724,742	7,802,184	(465,821)	9,061,105	3,028,105

Purchase orders have been issued to both Leymaster Environmental Consulting, LLC (Leymaster) and Worley-Parson to complete remediation at the FORCO property and obtain regulatory closure from the Los Angeles Regional Water Quality Control Board (RWQCB) for surface soils and deep soils/groundwater. Additional work will be required after regulatory closure to monitor the site for an additional three years period. The pollution remediation obligation is an estimate and subject to change over time due to changes in costs of goods and services, potential difficulties in obtaining regulatory closure, performance of the remediation technology, or changes in laws or regulations governing the remediation efforts.

(20) Net Position

GASB No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

(21) Prior-Period Adjustment

Adjustments and corrections to previously reported financial activities are recorded as prior-period adjustments. Several Districts have restated their net positions for the fiscal year ended June 30, 2017, from amounts previously reported as detailed below:

Increase/ (Decrease) in Net Position	Prior Period Adjustment
\$ (845,891)	Return of a portion of previous years' ad-valorem property tax revenue to the County of Los Angeles for re-distribution to various agencies, per court order.
(643,415)	Correction to amounts received in previous years for California Redemption Value on commodity sales.
2,003,551	Recording revenue for power sales that relate to previous fiscal year.
4,122,754	Correcting salaries and benefits expenses recognized in fiscal year 2016-2017 instead of instead of fiscal year 2017-2018.
<u>395,577</u>	Refunds from power suppliers for overcharges that relate to previous fiscal year.
<u>\$ 5,032,576</u>	

(22) Cumulative Effect of Change in Accounting Methods

Implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* resulted in a \$211,911,000 reduction of the Districts' net position as of June 30, 2017.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Required Supplemental Disclosure

June 30, 2018

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period-Last 10 Years ⁽¹⁾

Measurement Period	2016-2017	2015-2016	2014-2015	2013-2014
Total Pension Liability				
Service Cost	\$ 24,204,172	21,537,967	22,319,935	23,304,566
Interest	116,478,910	114,458,616	110,522,731	105,962,106
Changes in Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(30,829,545)	(15,215,092)	(10,061,243)	-
Changes in Assumptions	97,543,167	-	(27,590,677)	-
Benefits Payments, Including Refunds of Employee Contributions	(73,905,142)	(68,412,261)	(63,161,978)	(55,255,873)
Net Changes in Total Pension Liability	133,491,562	52,369,230	32,028,768	74,010,799
Total Pension Liability, Beginning	1,587,212,536	1,534,843,306	1,502,814,538	1,428,803,739
Total Pension Liability, Ending (a)	\$ 1,720,704,098	1,587,212,536	1,534,843,306	1,502,814,538
Plan Fiduciary Net Position				
Contribution-Employer	\$ 26,848,459	24,285,923	21,082,283	20,091,038
Contribution-Employee	11,300,541	11,387,270	11,456,578	12,344,493
Net Investment Income	134,988,348	6,422,215	28,129,212	187,477,208
Administrative Expenses	(1,780,853)	(751,740)	(1,381,953)	-
Benefits Payments, Including Refunds of Employee Contributions	(73,905,142)	(68,412,261)	(63,161,978)	(55,255,873)
Other Changes in Fiduciary Net Position	-	-	-	-
Net Changes in Fiduciary Net Position	97,451,353	(27,068,593)	(3,875,858)	164,656,866
Plan Fiduciary Net Position, Beginning	1,206,266,879	1,233,335,472	1,237,211,330	1,072,554,464
Plan Fiduciary Net Position, Ending (b)	\$ 1,303,718,232	1,206,266,879	1,233,335,472	1,237,211,330
Plan Net Pension Liability/(Asset)-Ending (a)-(b)	\$ 416,985,866	380,945,657	301,507,834	265,603,208
Plan Fiduciary Net Position as a Percentage of the				
Total Pension Liability	75.77%	76.00%	80.36%	82.33%
Covered Payroll	160,696,932	161,103,800	166,392,842	167,309,687
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	259.49%	236.46%	181.20%	158.75%

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016, valuation date.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Required Supplemental Disclosure, Continued

Schedule of Plan Contributions

	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Actuarially Determined Contribution	\$ 29,387,862	26,848,459	24,285,923	21,082,283	20,091,038
Contributions in Relation to the Actuarially Determined Contribution	(29,387,862)	(26,848,459)	(24,285,923)	(21,082,283)	(20,091,038)
Contributions Deficiency (Excess)	\$ -	-	-	-	-
Covered Payroll	\$ 161,056,269	160,696,932	161,103,800	166,392,842	167,309,687
Contributions as a Percentage of Covered Payroll	18.25%	16.71%	15.07%	12.67%	12.01%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2016-2017 were from the June 30, 2014, funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997-2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997-2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Required Supplemental Disclosure, Continued

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios During the Measurement Period-Last 10 Years ⁽¹⁾

Measurement Period	2016-2017
Total OPEB Liability	
Service Cost	\$ 9,112,000
Interest	25,347,000
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefits Payments, Including Refunds of Employee Contributions	(15,240,000)
Net Changes in Total OPEB Liability	19,219,000
Total OPEB Liability, Beginning	374,014,000
Total OPEB Liability, Ending (a)	\$ 393,233,000
Plan Fiduciary Net Position	
Contribution-Employer	\$ 22,344,000
Contribution-Employee	-
Net Investment Income	15,137,000
Administrative Expenses	(77,000)
Benefits Payments, Including Refunds of Employee Contributions	(15,240,000)
Other Changes in Fiduciary Net Position	-
Net Changes in Fiduciary Net Position	22,164,000
Plan Fiduciary Net Position, Beginning	139,759,000
Plan Fiduciary Net Position, Ending (b)	\$ 161,923,000
Plan Net OPEB Liability/(Asset)-Ending (a)-(b)	\$ 231,310,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	41.18%
Covered Payroll	\$ 144,022,000
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	160.61%

Only one year of data is shown due to date of implementation.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Required Supplemental Disclosure, Continued

Schedule of Other Postemployment Benefits Contributions

	2017-2018
Actuarially Determined Contribution	\$ 21,766,000
Contributions in Relation to the Actuarially Determined Contribution	(21,766,000)
Contributions Deficiency (Excess)	\$ -
Covered Payroll	N/A
Contributions as a Percentage of Covered Payroll	N/A

Notes to Schedule

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percentage of payroll over closed 22 year period.
Asset Valuation Method	Investment gains and losses spread over a 5-year open period.
Inflation	2.75%
Salary Increases	3.25%
Investment Rate of Return	6.75% at 6/30/2017, net of investment expenses
Retirement Age	The probabilities of retirement are based on the CalPERS Experience Study for the period from 1997-2011.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study for the period from 1997-2011, with mortality improvements based on MP-2017 scale.

Exhibit D-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Net Position
June 30, 2018

Assets	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current assets:						
Unrestricted cash and cash equivalents:						
Cash in bank	\$ -	-	1,686,023	1,214,297	3,713,310	6,613,630
Cash on hand	-	-	20,887	10,976	12,900	44,763
Cash and cash equivalents	309,140,767	6,676,975	36,772,935	26,356,920	28,241,573	407,189,170
Total unrestricted cash and cash equivalents	309,140,767	6,676,975	38,479,845	27,582,193	31,967,783	413,847,563
Receivables:						
Accounts, net	20,715,274	26,492	10,342,663	4,451,746	1,252,383	36,788,558
Due from other funds (1)	44,676,755	-	970,918	97,648	83,833	45,829,154
Interest	5,695,959	66,274	1,247,439	471,026	1,001,156	8,481,854
Service charges	19,374,927	-	-	-	-	19,374,927
Taxes	5,798,639	-	-	-	-	5,798,639
Total receivables	96,261,554	92,766	12,561,020	5,020,420	2,337,372	116,273,132
Inventory	-	-	-	-	20,334,190	20,334,190
Restricted/designated cash and investments:						
Cash and cash equivalents	368,701,078	-	100,803,738	11,575,728	45,970,287	527,050,831
Specific investments	512,095,180	-	280,949,132	53,905,534	240,232,009	1,087,181,855
Bond proceeds with Trustee:						
Cash and cash equivalents	3,857	-	-	-	-	3,857
Total restricted/designated cash and investments	880,800,115	-	381,752,870	65,481,262	286,202,296	1,614,236,543
Other specific investments	166,167,676	-	5,068,926	15,985,968	39,045,389	226,267,959
Total current assets	1,452,370,112	6,769,741	437,862,661	114,069,843	379,887,030	2,390,959,387
Investment in joint ventures	42,055,289	-	-	-	9,721,628	51,776,917
Other assets	-	-	260	-	2,822	3,082
Capital assets:						
Buildings and equipment	-	-	7,334,878	-	76,052,876	83,387,754
Capital improvements	-	-	390,773,655	151,153,935	2,107,936	544,035,526
Composting facility	122,117,830	-	-	-	-	122,117,830
Construction in progress	240,896,288	-	7,631,476	228,789	201,855,430	450,611,983
Disposal rights	88,639,513	-	-	-	-	88,639,513
Equipment pool	-	-	-	14,929,594	52,162,560	67,092,154
Gas-to-energy facilities	-	-	176,992,731	-	40,408,203	217,400,934
Land	160,123,800	-	26,511,591	5,482,200	28,966,292	221,083,883
Other	14,405,704	-	286,123	-	35,384,031	50,075,858
Rail facilities	-	-	54,060,853	-	-	54,060,853
Recycling and transfer facility	-	-	65,003,793	-	-	65,003,793
Treatment plants	2,043,361,100	-	-	-	-	2,043,361,100
Trunk lines	1,395,708,926	-	-	-	-	1,395,708,926
Use rights	770,580	-	67,761,710	1,247,346	-	69,779,636
Less accumulated depreciation/amortization	(1,374,000,447)	-	(489,384,639)	(134,788,503)	(92,454,224)	(2,090,627,813)
Net capital assets	2,692,023,294	-	306,972,171	38,253,361	344,483,104	3,381,731,930
Total assets	\$ 4,186,448,695	6,769,741	744,835,092	152,323,204	734,094,584	5,824,471,316
Deferred Outflow of Resources						
Other postemployment benefits deferrals	\$ 11,679,779	-	2,234,766	953,176	6,898,279	21,766,000
Pension deferrals	66,396,189	-	10,710,419	4,892,818	38,451,850	120,451,276
Deferred loss on refunding, net	11,100,347	-	-	-	-	11,100,347
Total deferred outflow of resources	\$ 89,176,315	-	12,945,185	5,845,994	45,350,129	153,317,623

(1) The interdistrict receivables and payables have been eliminated in the accompanying basic financial statements.

(Continued on following page)

Exhibit D-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Net Position
June 30, 2018

Liabilities	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current liabilities:						
Accounts payable	\$ 6,520,174	24	4,492,112	4,189,331	12,253,632	27,455,273
Accrued employee absences	-	-	-	-	27,000,000	27,000,000
Amounts held for others	-	-	-	-	6,844,044	6,844,044
Bonds payable	34,505,000	-	-	-	1,404,400	35,909,400
Claims liabilities	1,619,283	-	681,975	125,110	358,281	2,784,649
Construction contracts payable	10,091,924	-	685,331	-	1,126,972	11,904,227
Due to other funds (1)	31,033,757	9,090	303,718	25,146	14,457,443	45,829,154
Estimated liability for closure and postclosure costs	-	-	10,816,287	-	-	10,816,287
Estimated liability for pollution remediation	3,028,105	-	-	-	-	3,028,105
Interest payable	7,925,203	-	-	-	3,316	7,928,519
Loans payable to State of California	30,623,690	-	-	-	-	30,623,690
Other	163,896	-	(404)	703	222,045	386,240
Total current liabilities	125,511,032	9,114	16,979,019	4,340,290	63,670,133	210,509,588
Long-term liabilities:						
Accrued employee absences	-	-	-	-	9,577,247	9,577,247
Bonds payable, net	425,428,747	-	-	-	4,213,195	429,641,942
Claims liabilities	4,865,461	-	2,045,926	375,332	1,074,844	8,361,563
Estimated liability for closure and postclosure costs	-	-	225,884,745	80,877,486	-	306,762,231
Estimated liability for pollution remediation	6,033,000	-	-	-	-	6,033,000
Loans payable to State of California	258,876,348	-	-	-	-	258,876,348
Other postemployment benefits liability	126,550,149	-	20,902,393	9,578,560	74,278,898	231,310,000
Pension liability	231,055,692	-	35,948,130	16,677,735	133,304,309	416,985,866
Total long-term liabilities	1,052,809,397	-	284,781,194	107,509,113	222,448,493	1,667,548,197
Total liabilities	\$ 1,178,320,429	9,114	301,760,213	111,849,403	286,118,626	1,878,057,785
Deferred Inflow of Resources						
Other postemployment benefits deferrals	\$ 2,346,581	-	448,985	191,503	1,385,931	4,373,000
Pension deferrals	24,422,336	-	3,966,032	1,806,687	14,153,772	44,348,827
Total deferred inflow of resources	\$ 26,768,917	-	4,415,017	1,998,190	15,539,703	48,721,827
Net Position						
Net position:						
Net investment in capital assets	\$ 1,943,597,932	-	306,286,840	38,253,361	337,738,537	2,625,876,670
Restricted for capital projects	329,699,663	-	5,161,501	-	-	334,861,164
Restricted for closure/postclosure maintenance	-	-	103,068,454	2,402,656	-	105,471,110
Restricted for debt service	35,414,014	-	-	-	-	35,414,014
Restricted for site development	-	-	36,048,154	-	-	36,048,154
Unrestricted	761,824,055	6,760,627	1,040,098	3,665,588	140,047,847	913,338,215
Total net position	\$ 3,070,535,664	6,760,627	451,605,047	44,321,605	477,786,384	4,051,009,327

(1) The interdistrict receivables and payables have been eliminated in the accompanying basic financial statements.

Exhibit D-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2018

	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Operating revenues:						
Commodities	\$ -	-	3,134,140	15,471	56	3,149,667
Contract revenue	16,895,643	776,728	308,559	1,151,275	433,090	19,565,295
Equipment pool (1)	-	-	-	4,047,660	10,538,815	14,586,475
Industrial waste surcharge	67,060,158	-	-	-	-	67,060,158
Internal services revenue (1)	140,433,304	-	-	-	86,826,713	227,260,017
Refuse/food tipping fees	193,988	-	60,603,313	46,236,467	-	107,033,768
Sale of energy	570,811	-	21,029,487	-	3,281,270	24,881,568
Service charges	365,436,819	-	-	-	-	365,436,819
Other	1,429,484	-	86,228	308,160	1,234,512	3,058,384
Total operating revenues	592,020,207	776,728	85,161,727	51,759,033	102,314,456	832,032,151
Operating expenses:						
Chemicals	31,008,768	-	145,862	2,080	8,891	31,165,601
Collection charges	1,256,596	-	-	-	-	1,256,596
Depreciation/amortization	78,143,093	-	6,269,604	2,617,176	8,887,195	95,917,068
Equipment and vehicle rentals (1)	5,339,971	-	4,057,859	4,220,540	968,105	14,586,475
Insurance and claims	1,128,499	-	614,693	157,153	1,523,250	3,423,595
Internal administrative costs (1)	217,756,806	-	6,678,911	2,391,130	433,170	227,260,017
Landfill closure and postclosure costs	-	-	-	1,661,550	-	1,661,550
Materials and supplies	14,585,177	-	2,974,138	1,625,367	9,504,952	28,689,634
Operations, repairs and maintenance	4,077,175	117	1,599,712	8,286,396	8,539,721	22,503,121
Pollution remediation costs	7,802,184	-	-	-	-	7,802,184
Salaries and benefits	120,050,914	88,161	20,888,594	11,323,072	79,212,748	231,563,489
Services	45,951,551	487,337	46,190,373	1,655,045	7,776,569	102,060,875
Tonnage	-	-	-	4,016,753	-	4,016,753
Utilities	19,650,587	-	634,041	826,926	1,438,257	22,549,811
Total operating expenses	546,751,321	575,615	90,053,787	38,783,188	118,292,858	794,456,769
Operating income (loss)	45,268,886	201,113	(4,892,060)	12,975,845	(15,978,402)	37,575,382
Nonoperating revenues (expenses):						
Interest revenue	18,478,532	105,767	6,383,216	1,532,717	5,958,422	32,458,654
Investment in joint ventures	(952,176)	-	-	-	(2,365,950)	(3,318,126)
Taxes	77,370,966	-	-	-	-	77,370,966
Other nonoperating revenue	5,147,493	-	16,645	244	345,375	5,509,757
Amortization of bond premium	6,654,238	-	-	-	-	6,654,238
Amortization of deferred loss on refunding	(1,993,016)	-	-	-	-	(1,993,016)
Interest expense	(26,686,972)	-	-	-	(78,168)	(26,765,140)
Gain (loss) on sale of equipment/assets	(78,707)	-	(3,078,785)	47,169	106,103	(3,004,220)
Other nonoperating expense	(9,131)	-	-	-	(157,315)	(166,446)
Tax and assessment expense	(2,373,483)	-	(2,729,837)	(5,025,073)	(160,956)	(10,289,349)
Unrealized loss on investments	(11,944,321)	-	(6,356,111)	(1,674,625)	(6,026,821)	(26,001,878)
Net nonoperating revenues (expenses)	63,613,423	105,767	(5,764,872)	(5,119,568)	(2,379,310)	50,455,440
Income (loss) before capital contribution revenue and transfers	108,882,309	306,880	(10,656,932)	7,856,277	(18,357,712)	88,030,822
Capital contribution revenue:						
Connection fees	37,851,829	-	-	-	-	37,851,829
Federal capital grants	3,623,846	-	43,163	4,529	-	3,671,538
Transfers in	165,113,180	798	41,399,873	18,918,320	27,057,727	252,489,898
Transfers out	(169,053,722)	-	(23,779,347)	(18,923,397)	(40,733,432)	(252,489,898)
Change in net position	146,417,442	307,678	7,006,757	7,855,729	(32,033,417)	129,554,189
Total net position, July 1, 2017, as previously stated	3,006,907,558	6,452,949	457,874,507	44,128,320	612,970,228	4,128,333,562
Cumulative effect of change in accounting methods	(116,140,521)	-	(18,910,651)	(8,729,038)	(68,130,790)	(211,911,000)
Prior-period adjustments	33,351,185	-	5,634,434	1,066,594	(35,019,637)	5,032,576
Total net position, July 1, 2017, as restated	2,924,118,222	6,452,949	444,598,290	36,465,876	509,819,801	3,921,455,138
Total net position, June 30, 2018	\$ 3,070,535,664	6,760,627	451,605,047	44,321,605	477,786,384	4,051,009,327

(1) The interdistrict revenues and expenses have been eliminated in the accompanying basic financial statements.

Exhibit D-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Cash flows from operating activities:						
Receipts from customers and users	\$ 446,161,414	1,011,825	87,501,706	47,312,105	5,173,475	587,160,525
Receipts for internal services (1)	170,433,303	-	-	-	103,104,715	273,538,018
Receipts for equipment rental (1)	-	-	-	4,317,643	10,292,560	14,610,203
Payments to suppliers	(111,592,707)	(487,454)	(48,001,802)	(14,806,581)	(28,251,567)	(203,140,111)
Payments for salaries/benefits	(100,103,685)	(86,038)	(16,275,585)	(9,583,929)	(95,350,431)	(221,399,668)
Payments applied to closure/postclosure liability	-	-	(14,357,984)	-	-	(14,357,984)
Payment for equipment rental (1)	(5,277,491)	-	(4,079,284)	(4,220,982)	(1,032,446)	(14,610,203)
Payment for internal administrative costs (1)	(262,382,427)	-	(7,913,015)	(2,747,230)	(495,346)	(273,538,018)
Net cash provided (used) by operating activities	137,238,407	438,333	(3,125,964)	20,271,026	(6,559,040)	148,262,762
Cash flows from noncapital financing activities:						
Receipts from property taxes	76,790,586	-	-	-	-	76,790,586
Donations	-	-	-	-	16,000	16,000
Other nonoperating receipts	5,000,000	-	-	-	-	5,000,000
Payments for tax and assessment	(2,373,483)	-	(2,729,837)	(5,025,073)	(160,956)	(10,289,349)
Transfers from other funds	165,113,180	798	40,756,549	18,918,320	15,702,879	240,491,726
Transfers to other funds	(169,053,713)	-	(23,779,347)	(18,923,398)	(28,735,268)	(240,491,726)
Net cash provided (used) by noncapital financing activities	75,476,570	798	14,247,365	(5,030,151)	(13,177,345)	71,517,237
Cash flows from capital and related financing activities:						
Borrowings on loans	34,944,751	-	-	-	-	34,944,751
Purchases of capital assets	(99,353,579)	-	(8,090,901)	(5,700,069)	(11,890,252)	(125,034,801)
Connection fees proceeds	38,381,836	-	-	-	-	38,381,836
Grant proceeds	3,623,846	-	43,163	4,529	-	3,671,538
Interest paid on capital-related debt	(24,402,620)	-	-	-	(78,997)	(24,481,617)
Principal payments on bonds	(33,045,000)	-	-	-	(1,404,400)	(34,449,400)
Principal payments on loans	(28,255,089)	-	-	-	-	(28,255,089)
Proceeds from sale of assets/equipment	-	-	244,582	151,066	1,747,446	2,143,094
Receipts from joint venture	-	-	-	-	150,000	150,000
Net cash used by capital and related financing activities	(108,105,855)	-	(7,803,156)	(5,544,474)	(11,476,203)	(132,929,688)
Cash flows from investing activities:						
Interest received	21,082,561	71,702	6,224,205	1,470,355	5,688,584	34,537,407
Purchases of investments	(197,356,502)	-	(11,868,537)	(23,668,723)	(83,518,258)	(316,412,020)
Proceeds from maturities of investments	216,172,862	-	26,147,963	8,468,516	74,286,925	325,076,266
Net cash provided (used) by investing activities	39,898,921	71,702	20,503,631	(13,729,852)	(3,542,749)	43,201,653
Net increase (decrease) in cash and cash equivalents	144,508,043	510,833	23,821,876	(4,033,451)	(34,755,337)	130,051,964
Cash and cash equivalents at beginning of fiscal year	533,337,659	6,166,142	115,461,707	43,191,372	112,693,407	810,850,287
Cash and cash equivalents at end of fiscal year	\$ 677,845,702	6,676,975	139,283,583	39,157,921	77,938,070	940,902,251
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 45,268,886	201,113	(4,892,060)	12,975,845	(15,978,402)	37,575,382
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	78,143,093	-	6,269,604	2,617,176	8,887,195	95,917,068
Landfill closure and postclosure costs	-	-	-	1,661,550	-	1,661,550
Decrease (increase) in accounts receivable	690,074	235,097	(1,414,911)	(162,222)	(445,715)	(1,097,677)
Increase in service charge receivable	(2,091,081)	-	-	-	-	(2,091,081)
Increase in inventory	-	-	-	-	(669,075)	(669,075)
Increase in deferred outflows of resources	(13,001,931)	-	(2,869,077)	(1,223,723)	(8,856,274)	(25,951,005)
Increase (decrease) in accounts payable	1,655,009	-	3,879,897	1,504,603	(5,646,517)	1,392,992
Decrease in accrued employee absences	-	-	-	-	(144,893)	(144,893)
Decrease in estimated liability for closure and postclosure costs	-	-	(14,357,984)	-	-	(14,357,984)
Decrease in claims liabilities	(143,099)	-	(281,813)	(43,806)	(226,419)	(695,137)
Increase in estimated pollution remediation	7,336,363	-	-	-	-	7,336,363
Decrease in other postemployment benefits liability	(1,580,306)	-	(302,370)	(128,968)	(933,356)	(2,945,000)
Increase in pension liability	19,339,416	-	3,700,329	1,578,272	11,422,192	36,040,209
Increase in amounts held for others	-	-	-	-	198,946	198,946
Increase (decrease) in other liabilities	44,981	-	-	-	(80,279)	(35,298)
Increase (decrease) in due to other funds	(7,077,064)	2,123	5,486,586	786,047	802,308	-
Increase in deferred inflows of resources	8,654,066	-	1,655,835	706,252	5,111,249	16,127,402
Net cash provided (used) by operating activities	\$ 137,238,407	438,333	(3,125,964)	20,271,026	(6,559,040)	148,262,762
Schedule of noncash investing activity-						
Unrealized loss on fair value of investments	\$ (11,944,321)	-	(6,356,111)	(1,674,625)	(6,026,821)	(26,001,878)
Amortization of investment discount/premium	(19,873)	-	-	-	-	(19,873)
Investment in joint ventures	(952,176)	-	-	-	(2,515,950)	(3,468,126)

(1) The interdistrict receipts and payments have been eliminated in the accompanying basic financial statements.

Exhibit E-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2018

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Assets									
Current assets:									
Unrestricted cash and cash equivalents	\$ 24,958,279	27,449,505	22,130,465	4,776,873	25,985,411	10,927,414	604,256	10,391,291	26,828,232
Receivables:									
Accounts	1,515,085	2,862,199	1,351,550	33,566	1,356,878	2,555,505	-	1,258,970	1,553,405
Due from other funds	3,934,325	5,814,074	4,466,745	142	6,519,730	2,765,385	-	407,541	4,760,230
Interest	217,630	342,213	246,671	142,243	355,538	136,833	18,573	262,168	329,780
Service charges	2,287,749	1,999,783	1,575,729	175,575	2,047,986	850,461	1,313	2,061,286	1,460,587
Taxes	205,537	529,859	348,518	44,977	987,420	141,790	8,627	100,793	669,054
Total receivables	8,160,326	11,548,128	7,989,213	396,503	11,267,552	6,449,974	28,513	4,090,758	8,773,056
Restricted/designated cash and investments:									
Cash and cash equivalents	6,655,466	11,075,158	7,829,296	2,029,387	15,850,059	13,198,495	265,875	25,973,977	8,831,595
Specific investments	23,855,983	35,451,779	24,946,640	6,257,342	23,124,536	4,442,259	465,796	13,156,808	27,071,020
Bond proceeds with Trustee:									
Cash and cash equivalents	-	-	-	-	-	-	-	3,197	-
Total restricted/designated cash and investments	30,511,449	46,526,937	32,775,936	8,286,729	38,974,595	17,640,754	731,671	39,133,982	35,902,615
Other specific investments	2,752,018	10,977,473	2,823,779	28,551,513	13,862,115	960,194	3,430,447	3,477,275	17,583,620
Total current assets	66,382,072	96,502,043	65,719,393	42,011,618	90,089,673	35,978,336	4,794,887	57,093,306	89,087,523
Investment in joint venture	-	-	-	-	-	-	-	-	-
Capital assets:									
Composting facility	-	-	-	-	-	-	-	-	-
Construction in progress	191,492	4,402,005	4,988,816	702,912	2,734,972	1,885,709	-	6,459,031	212,460
Disposal rights	-	60,119	-	68,970,246	8,042,534	-	2,100,494	-	-
Land	-	235,159	2,520	-	28,125	2,508	-	65,406,122	-
Other	7,085	10,279	2,972	3,348	6,872	7,691	281	13,130	5,571
Treatment plants	62,978	6,495,819	7,450,700	-	14,398,147	4,929,997	-	326,582,378	1,654,729
Trunk lines	26,343,546	35,284,473	21,619,419	1,284,217	56,842,698	15,092,923	-	56,514,049	12,167,715
Use rights	-	-	-	-	-	-	-	411,790	-
Less accumulated depreciation	(8,791,999)	(11,789,835)	(10,525,205)	(31,595,257)	(27,969,250)	(8,038,751)	(940,423)	(77,937,915)	(3,991,541)
Net capital assets	17,813,102	34,698,019	23,539,222	39,365,466	54,084,098	13,880,077	1,160,352	377,448,585	10,048,934
Total assets	\$ 84,195,174	131,200,062	89,258,615	81,377,084	144,173,771	49,858,413	5,955,239	434,541,891	99,136,457
Deferred Outflow of Resources									
Other postemployment benefits deferrals	\$ 76,599	198,460	100,415	6,417	229,213	98,622	363	545,295	73,517
Pension deferrals	442,968	1,263,496	797,556	26,251	1,400,036	485,349	1,717	3,064,805	417,353
Deferred loss/(gain) on refunding, net	619,722	956,794	726,776	92,459	1,563,994	377,935	12,993	(2,993,546)	978,732
Total deferred outflow of resources	\$ 1,139,289	2,418,750	1,624,747	125,127	3,193,243	961,906	15,073	616,554	1,469,602

(Continued on following page)

Exhibit E-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2018

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Assets									
Current assets:									
Unrestricted cash and cash equivalents	\$ 19,404,260	2,034,995	16,987,558	6,952,011	14,064,160	24,059,891	26,010,235	1,569,385	638,323
Receivables:									
Accounts	228,376	-	1,101,238	4,578	159,769	1,278,786	851,086	983,080	-
Due from other funds	2,446,211	314,105	3,112,877	849,700	-	3,983,877	3,034,434	519,022	-
Interest	199,286	48,037	174,105	70,581	130,208	282,137	279,435	53,542	6,429
Service charges	861,118	120,672	915,606	178,726	1,251,991	1,174,641	819,762	25,010	-
Taxes	432,933	50,489	223,145	122,960	65,365	359,643	325,956	16,412	30,285
Total receivables	4,167,924	533,303	5,526,971	1,226,545	1,607,333	7,079,084	5,310,673	1,597,066	36,714
Restricted/designated cash and investments:									
Cash and cash equivalents	4,720,171	2,537,749	7,374,462	2,260,206	11,042,759	8,627,044	7,030,878	1,662,266	252,374
Specific investments	12,973,889	81,548	19,336,329	5,900,432	6,139,770	30,486,731	16,428,322	1,262,886	-
Bond proceeds with Trustee:									
Cash and cash equivalents	-	-	-	-	660	-	-	-	-
Total restricted/designated cash and investments	17,694,060	2,619,297	26,710,791	8,160,638	17,183,189	39,113,775	23,459,200	2,925,152	252,374
Other specific investments	16,655,922	3,933,343	1,742,947	2,874,512	993,674	8,640,711	14,114,529	8,886,403	302,181
Total current assets	57,922,166	9,120,938	50,968,267	19,213,706	33,848,356	78,893,461	68,894,637	14,978,006	1,229,592
Investment in joint venture	-	-	-	-	-	-	-	-	-
Capital assets:									
Composting facility	-	-	-	-	-	-	-	-	-
Construction in progress	33,685	-	1,606,566	163,480	1,060,733	1,206,863	111	-	4,895
Disposal rights	7,430,302	-	-	-	-	-	-	-	2,035,818
Land	-	-	-	5,600	16,426,011	79,240	-	-	-
Other	537	1,418	128,012	1,750	4,668	9,667	978	-	41
Treatment plants	-	-	-	379,443	246,229,255	12,591,076	-	-	2,569,204
Trunk lines	13,531,212	597,520	17,342,942	2,521,906	16,620,287	12,793,343	15,726,591	-	16,900
Use rights	-	-	-	-	358,790	-	-	-	-
Less accumulated depreciation	(6,819,327)	(336,238)	(5,596,334)	(2,263,211)	(57,780,872)	(12,462,783)	(6,253,498)	-	(2,124,402)
Net capital assets	14,176,409	262,700	13,481,186	808,968	222,918,872	14,217,406	9,474,182	-	2,502,456
Total assets	\$ 72,098,575	9,383,638	64,449,453	20,022,674	256,767,228	93,110,867	78,368,819	14,978,006	3,732,048
Deferred Outflow of Resources									
Other postemployment benefits deferrals	\$ 23,882	4,673	63,787	23,150	443,247	124,338	38,410	1,881	592
Pension deferrals	157,099	25,999	446,257	179,602	2,469,248	677,819	231,130	14,010	2,238
Deferred loss/(gain) on refunding, net	609,930	78,054	534,984	172,490	4,918,952	576,976	499,299	105,453	18,172
Total deferred outflow of resources	\$ 790,911	108,726	1,045,028	375,242	7,831,447	1,379,133	768,839	121,344	21,002

(Continued on following page)

Exhibit E-1-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2018

Assets	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Current assets:								
Unrestricted cash and cash equivalents	\$ 2,448,656	2,872,692	3,696	9,246,805	111,702	17,313,125	11,371,547	309,140,767
Receivables:								
Accounts	-	39,154	-	3,283,879	-	269,173	28,997	20,715,274
Due from other funds	95,695	122,038	3	-	-	488,738	1,041,883	44,676,755
Interest	28,658	26,866	18	1,652,050	449	548,790	143,719	5,695,959
Service charges	29,479	126,302	-	-	-	1,165,319	245,832	19,374,927
Taxes	56,890	9,768	-	-	-	588,139	480,079	5,798,639
Total receivables	210,722	324,128	21	4,935,929	449	3,060,159	1,940,510	96,261,554
Restricted/designated cash and investments:								
Cash and cash equivalents	262,560	446,354	-	161,318,761	-	67,266,603	2,189,583	368,701,078
Specific investments	383,480	1,276,014	-	218,470,062	-	33,013,765	7,569,789	512,095,180
Bond proceeds with Trustee:								
Cash and cash equivalents	-	-	-	-	-	-	-	3,857
Total restricted/designated cash and investments	646,040	1,722,368	-	379,788,823	-	100,280,368	9,759,372	880,800,115
Other specific investments	4,345,721	1,920,721	-	-	-	3,091,523	14,247,055	166,167,676
Total current assets	7,651,139	6,839,909	3,717	393,971,557	112,151	123,745,175	37,318,484	1,452,370,112
Investment in joint venture	-	-	-	42,055,289	-	-	-	42,055,289
Capital assets:								
Composting facility	-	-	-	122,117,830	-	-	-	122,117,830
Construction in progress	-	4,835	-	173,032,768	310,675	41,057,001	837,279	240,896,288
Disposal rights	-	-	-	-	-	-	-	88,639,513
Land	20,000	25,000	-	77,294,712	-	598,803	-	160,123,800
Other	-	65	-	14,158,708	-	41,387	1,244	14,405,704
Treatment plants	377,363	2,416,650	525	1,207,651,500	92,736	196,795,633	12,682,967	2,043,361,100
Trunk lines	6,886,922	8,962,571	-	1,043,325,390	38,833	28,999,122	3,196,347	1,395,708,926
Use rights	-	-	-	-	-	-	-	770,580
Less accumulated depreciation	(2,352,252)	(2,225,972)	(354)	(985,465,502)	(8,509)	(100,369,904)	(8,361,113)	(1,374,000,447)
Net capital assets	4,932,033	9,183,149	171	1,652,115,406	433,735	167,122,042	8,356,724	2,692,023,294
Total assets	\$ 12,583,172	16,023,058	3,888	2,088,142,252	545,886	290,867,217	45,675,208	4,186,448,695
Deferred Outflow of Resources								
Other postemployment benefits deferrals	\$ 5,516	27,584	-	8,415,648	12,722	1,070,376	95,072	11,679,779
Pension deferrals	16,163	204,229	-	48,195,950	38,826	5,365,426	472,662	66,396,189
Deferred loss/(gain) on refunding, net	27,587	8,662	-	-	-	947,190	266,739	11,100,347
Total deferred outflow of resources	\$ 49,266	240,475	-	56,611,598	51,548	7,382,992	834,473	89,176,315

(Continued on following page)

Exhibit E-1-4
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2018

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Liabilities									
Current liabilities:									
Accounts payable	\$ 175,842	187,010	460,311	-	25,598	122,295	-	(321,395)	19,649
Bonds payable	1,853,162	2,861,111	2,173,284	276,482	4,676,827	1,130,142	38,854	3,487,199	2,926,712
Claims liabilities	-	-	-	-	-	-	-	576	-
Construction contracts payable	-	115,804	257,714	-	47,868	-	-	735,604	-
Due to other funds	-	-	-	-	-	-	1,208	-	-
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Interest payable	94,919	140,216	106,507	13,550	229,200	55,385	1,904	3,387,900	143,431
Loans payable to State of California	29,578	-	-	-	-	-	-	5,012,289	-
Other	1	1	101,684	-	1	-	-	(64,762)	36
Total current liabilities	2,153,502	3,304,142	3,099,500	290,032	4,979,494	1,307,822	41,966	12,237,411	3,089,828
Long-term liabilities:									
Bonds payable, net	5,899,566	9,108,385	6,918,679	880,184	14,888,741	3,597,821	123,692	154,130,045	9,317,227
Claims liabilities	-	-	-	-	-	-	-	1,727	-
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Loans payable to State of California	421,027	-	-	-	-	-	-	67,679,238	-
Other postemployment benefits liability	823,584	2,332,096	1,436,452	55,353	2,569,216	874,482	4,636	5,632,672	774,807
Pension liability	1,546,503	4,486,746	2,925,990	84,566	4,936,479	1,639,005	5,745	10,642,117	1,451,991
Total long-term liabilities	8,690,680	15,927,227	11,281,121	1,020,103	22,394,436	6,111,308	134,073	238,085,799	11,544,025
Total liabilities	\$ 10,844,182	19,231,369	14,380,621	1,310,135	27,373,930	7,419,130	176,039	250,323,210	14,633,853
Deferred Inflow of Resources									
Other postemployment benefits deferrals	\$ 15,389	39,873	20,174	1,289	46,051	19,814	73	109,555	14,770
Pension deferrals	162,836	462,953	290,355	9,792	513,684	179,523	636	1,127,784	153,522
Total deferred inflow of resources	\$ 178,225	502,826	310,529	11,081	559,735	199,337	709	1,237,339	168,292
Net Position									
Net position:									
Net investment in capital assets	\$ 10,229,491	23,569,513	14,916,321	38,301,259	36,034,656	9,530,049	1,010,799	143,410,664	(1,216,273)
Restricted for capital projects	15,036,922	16,999,603	4,208,697	6,475,756	6,441,046	15,799,582	446,793	690,191	8,958,330
Restricted for debt service	41,294	-	-	-	-	-	-	6,855,508	-
Unrestricted	49,004,349	73,315,501	57,067,194	35,403,980	76,957,647	17,872,221	4,335,972	32,641,533	78,061,857
Total net position	\$ 74,312,056	113,884,617	76,192,212	80,180,995	119,433,349	43,201,852	5,793,564	183,597,896	85,803,914

(Continued on following page)

Exhibit E-1-5
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2018

	Districts								
Liabilities	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Current liabilities:									
Accounts payable	\$ 68	-	497,464	783,574	298,310	41,588	-	-	-
Bonds payable	1,823,881	233,405	1,599,767	515,800	3,581,880	1,725,338	1,493,060	315,336	54,339
Claims liabilities	-	-	-	-	38,473	-	-	-	-
Construction contracts payable	-	-	27,558	-	-	-	-	-	-
Due to other funds	-	-	-	-	161,794	-	-	-	1,295
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Interest payable	89,384	11,439	78,401	25,278	1,899,212	84,555	73,171	15,454	2,663
Loans payable to State of California	-	-	-	-	-	-	-	-	-
Other	-	-	11	(5,000)	64,688	-	-	-	-
Total current liabilities	1,913,333	244,844	2,203,201	1,319,652	6,044,357	1,851,481	1,566,231	330,790	58,297
Long-term liabilities:									
Bonds payable, net	5,806,349	743,048	5,092,880	1,642,055	183,956,085	5,492,638	4,753,174	1,003,877	172,989
Claims liabilities	-	-	-	-	115,418	-	-	-	-
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Loans payable to State of California	-	-	-	-	-	-	-	-	-
Other postemployment benefits liability	327,068	60,273	764,410	294,371	4,620,443	1,149,767	425,832	27,857	4,605
Pension liability	560,867	90,098	1,608,487	656,874	8,559,351	2,339,518	812,807	50,961	7,037
Total long-term liabilities	6,694,284	893,419	7,465,777	2,593,300	197,251,297	8,981,923	5,991,813	1,082,695	184,631
Total liabilities	\$ 8,607,617	1,138,263	9,668,978	3,912,952	203,295,654	10,833,404	7,558,044	1,413,485	242,928
Deferred Inflow of Resources									
Other postemployment benefits deferrals	\$ 4,798	939	12,816	4,651	89,053	24,981	7,717	378	119
Pension deferrals	57,502	9,571	163,035	65,426	908,926	249,705	84,846	5,110	838
Total deferred inflow of resources	\$ 62,300	10,510	175,851	70,077	997,979	274,686	92,563	5,488	957
Net Position									
Net position:									
Net investment in capital assets	\$ 7,156,109	(635,699)	7,295,965	(1,176,397)	40,299,859	7,576,406	3,727,247	(1,213,760)	2,293,300
Restricted for capital projects	2,937,667	570,599	9,816,481	3,190,246	2,128,068	15,971,983	6,823,365	-	20,712
Restricted for debt service	-	-	-	-	-	-	-	-	-
Unrestricted	54,125,793	8,408,691	38,537,206	14,401,038	17,877,115	59,833,521	60,936,439	14,894,137	1,195,153
Total net position	\$ 64,219,569	8,343,591	55,649,652	16,414,887	60,305,042	83,381,910	71,487,051	13,680,377	3,509,165

Exhibit E-1-6
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2018

Liabilities	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Current liabilities:								
Accounts payable	\$ -	14,980	-	3,832,585	10,822	355,988	15,485	6,520,174
Bonds payable	82,494	25,903	-	-	-	2,832,393	797,631	34,505,000
Claims liabilities	-	-	-	1,466,105	-	114,129	-	1,619,283
Construction contracts payable	-	-	-	5,200,233	-	3,035,375	671,768	10,091,924
Due to other funds	-	-	-	30,856,787	12,673	-	-	31,033,757
Estimated liability for pollution remediation	-	-	-	3,028,105	-	-	-	3,028,105
Interest payable	4,043	4,465	-	1,267,573	-	157,463	39,090	7,925,203
Loans payable to State of California	-	44,432	-	22,313,406	-	3,223,985	-	30,623,690
Other	-	-	-	67,182	-	54	-	163,896
Total current liabilities	86,537	89,780	-	68,031,976	23,495	9,719,387	1,523,974	125,511,032
Long-term liabilities:								
Bonds payable, net	262,621	82,461	-	-	-	9,016,961	2,539,269	425,428,747
Claims liabilities	-	-	-	4,405,929	-	342,387	-	4,865,461
Estimated liability for pollution remediation	-	-	-	6,033,000	-	-	-	6,033,000
Loans payable to State of California	-	707,514	-	176,320,262	-	13,748,307	-	258,876,348
Other postemployment benefits liability	36,735	354,678	-	91,602,894	101,351	11,333,670	942,897	126,550,149
Pension liability	46,161	742,195	-	167,955,660	112,874	18,193,828	1,599,832	231,055,692
Total long-term liabilities	345,517	1,886,848	-	446,317,745	214,225	52,635,153	5,081,998	1,052,809,397
Total liabilities	\$ 432,054	1,976,628	-	514,349,721	237,720	62,354,540	6,605,972	1,178,320,429
Deferred Inflow of Resources								
Other postemployment benefits deferrals	\$ 1,108	5,542	-	1,690,785	2,556	215,049	19,101	2,346,581
Pension deferrals	6,147	74,492	-	17,723,075	14,725	1,983,095	174,758	24,422,336
Total deferred inflow of resources	\$ 7,255	80,034	-	19,413,860	17,281	2,198,144	193,859	26,768,917
Net Position								
Net position:								
Net investment in capital assets	\$ 4,614,505	8,331,501	171	1,448,281,505	433,735	136,212,211	4,614,795	1,943,597,932
Restricted for capital projects	15,052	603,430	-	137,534,365	-	72,521,528	2,509,247	329,699,663
Restricted for debt service	-	57,215	-	25,174,399	-	3,285,598	-	35,414,014
Unrestricted	7,563,572	5,214,725	3,717	-	(91,302)	21,678,188	32,585,808	761,824,055
Total net position	\$ 12,193,129	14,206,871	3,888	1,610,990,269	342,433	233,697,525	39,709,850	3,070,535,664

Exhibit E-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2018

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Operating revenues:									
Contract revenue	\$ -	-	-	-	17,487	-	-	1,261,067	-
Industrial waste surcharge	5,394,986	8,094,923	3,108,344	43,475	4,679,583	9,580,282	-	2,659,180	5,416,456
Internal services revenue	-	-	-	-	-	-	-	-	-
Food waste tipping fee	-	-	-	-	-	-	-	-	-
Sale of energy	-	-	-	-	-	-	-	-	-
Service charges	25,843,308	36,622,242	29,490,693	3,881,571	41,698,090	10,448,449	57,095	32,071,628	29,129,736
Other	322	206	723	-	558	2	-	63,841	3
Total operating revenues	31,238,616	44,717,371	32,599,760	3,925,046	46,395,718	20,028,733	57,095	36,055,716	34,546,195
Operations and maintenance:									
Chemicals	63,382	103,762	33,973	-	24,063	21,906	-	1,088,188	16,499
Collection charges	64,923	117,407	88,888	10,533	196,050	33,976	1,518	25,659	131,390
Depreciation/amortization	435,601	677,791	511,217	1,595,423	1,286,637	376,346	49,272	9,253,744	218,579
Equipment and vehicle rentals	117,539	209,106	54,466	9,987	208,462	64,127	-	212,872	103,269
Insurance and claims	33,324	50,749	38,140	164	58,655	20,932	34	37,295	40,017
Internal administrative costs	19,270,727	28,005,184	21,048,869	12,255	31,108,605	13,319,780	2,967	2,398,379	22,612,874
Materials and supplies	31,535	39,958	65,635	1,600	145,799	88,147	-	699,783	26,229
Operations, repairs and maintenance	59,106	49,112	62,461	27,397	65,462	14,314	1,440	491,495	13,614
Pollution remediation costs	-	-	-	-	-	-	-	-	-
Salaries and benefits	831,986	1,325,040	914,730	75,893	2,436,856	662,075	4,379	5,791,168	783,514
Services	150,892	322,252	640,099	1,785,987	1,181,580	112,537	152,169	1,606,740	98,116
Utilities	10,211	23,979	78,221	150	189,090	93,012	-	1,726,629	19,775
Total operating expenses	21,069,226	30,924,340	23,536,699	3,519,389	36,901,259	14,807,152	211,779	23,331,952	24,063,876
Operating income (loss)	10,169,390	13,793,031	9,063,061	405,657	9,494,459	5,221,581	(154,684)	12,723,764	10,482,319
Nonoperating revenues (expenses):									
Interest revenue	747,696	1,131,343	710,195	595,892	1,028,545	415,070	68,372	721,704	1,064,704
Investment in joint venture	-	-	-	-	-	-	-	-	-
Taxes	3,513,628	7,286,267	5,603,336	656,183	12,002,123	2,032,202	100,207	1,565,072	7,880,660
Other nonoperating revenue	-	-	-	-	-	144,202	-	2,462	-
Amortization of bond premium	165,321	255,241	193,879	24,665	417,221	100,820	3,466	1,937,073	261,093
Amortization of deferred loss on refunding	(129,487)	(199,916)	(151,855)	(19,319)	(326,787)	(78,967)	(2,715)	153,738	(204,500)
Loss on sale of equipment/assets	(7,368)	(11,361)	(8,521)	-	(12,472)	(4,926)	-	-	(8,707)
Interest expense	(390,692)	(584,352)	(443,870)	(56,469)	(955,192)	(230,819)	(7,936)	(8,955,216)	(597,750)
Other nonoperating expense	-	-	-	-	-	-	-	-	-
Tax and assessment expense	(15,203)	(12,564)	(14,536)	(2,089)	(17,266)	(12,539)	-	(146,037)	(12,552)
Unrealized loss on investments	(575,929)	(718,545)	(519,393)	(663,106)	(643,119)	(47,257)	(74,514)	(333,157)	(720,641)
Net nonoperating revenues (expenses)	3,307,966	7,146,113	5,369,235	535,757	11,493,053	2,317,786	86,880	(5,054,361)	7,662,307
Income (loss) before capital contribution revenue and transfers	13,477,356	20,939,144	14,432,296	941,414	20,987,512	7,539,367	(67,804)	7,669,403	18,144,626
Capital contribution revenue:									
Connection fees	310,302	1,079,219	236,962	480,330	1,667,784	171,418	-	1,432,576	666,447
Federal capital grants	-	-	-	-	-	-	-	-	-
Transfers in	4,544,894	6,811,678	5,235,492	324,293	9,508,591	2,709,471	45,573	10,455,395	6,292,522
Transfers out	(9,533,490)	(14,081,854)	(10,886,156)	(324,625)	(17,970,067)	(5,623,221)	(45,905)	(10,590,502)	(12,308,160)
Change in net position	8,799,062	14,748,187	9,018,594	1,421,412	14,193,820	4,797,035	(68,136)	8,966,872	12,795,435
Total net position, July 1, 2017, as previously stated	63,936,509	97,604,332	66,041,357	78,799,188	103,173,938	37,662,882	5,865,320	178,492,380	70,677,170
Cumulative effect of change in accounting methods	(755,315)	(2,155,218)	(1,346,957)	(49,634)	(2,364,931)	(786,585)	(4,312)	(5,146,677)	(709,285)
Prior-period adjustments	2,331,800	3,687,316	2,479,218	10,029	4,430,522	1,528,520	692	1,285,321	3,040,594
Total net position, July 1, 2017, as restated	65,512,994	99,136,430	67,173,618	78,759,583	105,239,529	38,404,817	5,861,700	174,631,024	73,008,479
Total net position, June 30, 2018	\$ 74,312,056	113,884,617	76,192,212	80,180,995	119,433,349	43,201,852	5,793,564	183,597,896	85,803,914

(Continued on following page)

Exhibit E-2-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2018

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Operating revenues:									
Contract revenue	\$ -	-	-	381	480,862	737,600	-	-	-
Industrial waste surcharge	413,795	-	3,709,931	52,708	469,253	3,226,973	3,304,580	3,143,993	-
Internal services revenue	-	-	-	-	-	-	-	-	-
Food waste tipping fee	-	-	-	-	-	-	-	-	-
Sale of energy	-	-	-	-	-	-	-	-	-
Service charges	17,357,228	2,271,284	20,296,024	6,581,738	23,291,967	24,968,537	19,261,790	378,757	-
Other	2	-	37	1	4,340	256,205	3,094	-	-
Total operating revenues	17,771,025	2,271,284	24,005,992	6,634,828	24,246,422	29,189,315	22,569,464	3,522,750	-
Operations and maintenance:									
Chemicals	3,486	2,093	40,312	22,146	794,299	-	-	-	-
Collection charges	84,737	11,228	70,209	23,847	19,004	84,409	72,259	4,665	4,790
Depreciation/amortization	374,033	5,753	250,228	26,135	6,904,527	429,777	221,185	3,286	79,255
Equipment and vehicle rentals	35,948	7,988	105,847	25,672	409,406	86,710	103,850	-	-
Insurance and claims	21,919	2,865	26,588	7,616	47,893	32,096	26,538	3,382	34
Internal administrative costs	12,068,700	1,548,448	14,669,071	3,961,769	1,471,375	17,975,808	15,003,548	2,890,609	2,967
Materials and supplies	7,812	998	12,629	7,228	937,360	33,041	9,130	743	518
Operations, repairs and maintenance	10,946	5,425	31,454	5,516	396,503	12,769	9,825	8,397	-
Pollution remediation costs	-	-	-	-	-	-	-	-	-
Salaries and benefits	289,294	56,289	583,508	280,640	5,222,914	868,773	466,965	22,896	7,073
Services	363,519	1,938	730,908	676,235	1,096,399	276,818	184,292	1,042	36,741
Utilities	1,175	95	1,558	22,173	1,711,502	68,845	861	27	3
Total operating expenses	13,261,569	1,643,120	16,522,312	5,058,977	19,011,182	19,869,046	16,098,453	2,935,047	131,381
Operating income (loss)	4,509,456	628,164	7,483,680	1,575,851	5,235,240	9,320,269	6,471,011	587,703	(131,381)
Nonoperating revenues (expenses):									
Interest revenue	705,546	118,663	550,109	231,810	330,931	953,230	854,463	192,398	15,953
Investment in joint venture	-	-	-	-	-	-	-	-	-
Taxes	5,648,389	601,848	4,285,893	1,513,411	1,360,107	4,416,985	4,420,199	426,003	355,010
Other nonoperating revenue	-	-	-	-	5,000,000	-	-	-	-
Amortization of bond premium	162,709	20,822	142,716	46,015	2,269,597	153,918	133,196	28,131	4,848
Amortization of deferred loss on refunding	(127,441)	(16,309)	(111,782)	(36,041)	(229,706)	(120,556)	(104,325)	(22,034)	(3,797)
Loss on sale of equipment/assets	(4,706)	(670)	-	(1,645)	-	(7,928)	(6,265)	(1,746)	-
Interest expense	(372,508)	(47,670)	(326,735)	(105,347)	(7,539,933)	(352,382)	(304,942)	(64,404)	(11,098)
Other nonoperating expense	-	-	-	-	-	-	-	(407)	-
Tax and assessment expense	(11,373)	(2,090)	(11,219)	(11,864)	(138,454)	(13,870)	(11,218)	(3)	-
Unrealized loss on investments	(520,271)	(110,519)	(356,756)	(143,744)	(128,077)	(650,487)	(522,555)	(179,286)	(8,209)
Net nonoperating revenues (expenses)	5,480,345	564,075	4,172,226	1,492,595	924,465	4,378,910	4,458,553	378,652	352,707
Income (loss) before capital contribution revenue and transfers	9,989,801	1,192,239	11,655,906	3,068,446	6,159,705	13,699,179	10,929,564	966,355	221,326
Capital contribution revenue:									
Connection fees	161,271	15,327	214,222	40,089	1,042,743	410,711	258,336	14,145	3,372
Federal capital grants	-	-	42,225	-	-	125,044	-	-	-
Transfers in	3,743,758	481,220	3,725,107	1,130,193	11,005,274	4,303,056	3,655,093	627,213	63,736
Transfers out	(7,117,046)	(917,359)	(7,614,326)	(2,234,982)	(11,089,656)	(9,097,475)	(7,659,818)	(1,169,626)	(64,068)
Change in net position	6,777,784	771,427	8,023,134	2,003,746	7,118,066	9,440,515	7,183,175	438,087	224,366
Total net position, July 1, 2017, as previously stated	56,185,687	7,418,332	46,252,933	14,127,950	57,097,948	72,512,231	62,608,722	12,909,979	3,288,184
Cumulative effect of change in accounting methods	(305,784)	(56,109)	(707,560)	(273,739)	(4,225,397)	(1,038,950)	(391,599)	(26,180)	(4,077)
Prior-period adjustments	1,561,882	209,941	2,081,145	556,930	314,425	2,468,114	2,086,753	358,491	692
Total net position, July 1, 2017, as restated	57,441,785	7,572,164	47,626,518	14,411,141	53,186,976	73,941,395	64,303,876	13,242,290	3,284,799
Total net position, June 30, 2018	\$ 64,219,569	8,343,591	55,649,652	16,414,887	60,305,042	83,381,910	71,487,051	13,680,377	3,509,165

(Continued on following page)

Exhibit E-2-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2018

	Districts							
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	Total
Operating revenues:								
Contract revenue	-	-	-	13,391,856	206,335	800,055	-	16,895,643
Industrial waste surcharge	-	79,248	-	13,091,899	-	556,870	33,679	67,060,158
Internal services revenue	-	-	-	140,433,304	-	-	-	140,433,304
Food waste tipping fee	-	-	-	193,988	-	-	-	193,988
Sale of energy	-	-	-	570,811	-	-	-	570,811
Service charges	640,192	1,858,191	-	-	-	32,597,384	6,690,915	365,436,819
Other	-	143	5,500	957,855	100,000	36,650	2	1,429,484
Total operating revenues	640,192	1,937,582	5,500	168,639,713	306,335	33,990,959	6,724,596	592,020,207
Operations and maintenance:								
Chemicals	-	3,097	-	26,930,606	-	1,840,415	20,541	31,008,768
Collection charges	10,012	2,423	-	-	-	114,326	84,343	1,256,596
Depreciation/amortization	94,388	180,347	13	49,724,233	2,836	5,150,540	291,947	78,143,093
Equipment and vehicle rentals	3,994	59,332	-	3,080,257	-	397,530	43,609	5,339,971
Insurance and claims	888	1,794	-	575,069	34	90,997	11,476	1,128,499
Internal administrative costs	487,893	642,485	2,967	-	2,967	3,976,329	5,272,230	217,756,806
Materials and supplies	294	20,157	-	11,394,877	-	1,025,427	36,277	14,585,177
Operations, repairs and maintenance	4,780	2,087	-	2,370,109	-	427,106	7,857	4,077,175
Pollution remediation costs	-	-	-	7,802,184	-	-	-	7,802,184
Salaries and benefits	65,991	333,317	1	88,178,158	30,906	9,832,587	985,961	120,050,914
Services	7,476	42,490	-	34,381,917	-	2,079,519	21,885	45,951,551
Utilities	29	13,747	-	12,773,561	-	2,751,443	164,501	19,650,587
Total operating expenses	675,745	1,301,276	2,981	237,210,971	36,743	27,686,219	6,940,627	546,751,321
Operating income (loss)	(35,553)	636,306	2,519	(68,571,258)	269,592	6,304,740	(216,031)	45,268,886
Nonoperating revenues (expenses):								
Interest revenue	103,145	88,847	64	5,660,964	652	1,707,245	480,991	18,478,532
Investment in joint venture	-	-	-	(952,176)	-	-	-	(952,176)
Taxes	678,768	153,839	-	-	-	7,256,124	5,614,712	77,370,966
Other nonoperating revenue	-	-	-	829	-	-	-	5,147,493
Amortization of bond premium	7,359	2,311	-	-	-	252,680	71,157	6,654,238
Amortization of deferred loss on refunding	(5,764)	(1,810)	-	-	-	(197,910)	(55,733)	(1,993,016)
Loss on sale of equipment/assets	(26)	(229)	-	-	-	-	(2,137)	(78,707)
Interest expense	(16,849)	(18,631)	-	(3,994,512)	-	(1,146,757)	(162,908)	(26,686,972)
Other nonoperating expense	-	-	-	(1,011)	-	(4,213)	(3,500)	(9,131)
Tax and assessment expense	(2,089)	(3,734)	-	(1,720,463)	(9,354)	(188,142)	(16,824)	(2,373,483)
Unrealized loss on investments	(85,611)	(72,860)	-	(3,899,088)	-	(569,559)	(401,638)	(11,944,321)
Net nonoperating revenues (expenses)	678,933	147,733	64	(4,905,457)	(8,702)	7,109,468	5,524,120	63,613,423
Income (loss) before capital contribution revenue and transfers	643,380	784,039	2,583	(73,476,715)	260,890	13,414,208	5,308,089	108,882,309
Capital contribution revenue:								
Connection fees	(10,329)	292	-	24,842,080	-	4,647,836	166,696	37,851,829
Federal capital grants	-	-	-	3,456,577	-	-	-	3,623,846
Transfers in	162,409	114,414	-	85,212,287	-	3,322,183	1,639,328	165,113,180
Transfers out	(300,253)	(291,145)	(332)	(33,486,081)	(332)	(3,528,087)	(3,119,156)	(169,053,722)
Change in net position	495,207	607,600	2,251	6,548,148	260,558	17,856,140	3,994,957	146,417,442
Total net position, July 1, 2017, as previously stated	11,665,713	13,827,922	1,637	1,686,099,039	171,887	224,710,346	35,775,972	3,006,907,558
Cumulative effect of change in accounting methods	(31,819)	(330,094)	-	(84,102,428)	(90,012)	(10,379,695)	(858,164)	(116,140,521)
Prior-period adjustments	64,028	101,443	-	2,445,510	-	1,510,734	797,085	33,351,185
Total net position, July 1, 2017, as restated	11,697,922	13,599,271	1,637	1,604,442,121	81,875	215,841,385	35,714,893	2,924,118,222
Total net position, June 30, 2018	\$ 12,193,129	14,206,871	3,888	1,610,990,269	342,433	233,697,525	39,709,850	3,070,535,664

Exhibit E-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Cash flows from operating activities:									
Receipts from customers and users	\$ 31,068,671	44,311,379	32,282,348	3,907,960	47,249,540	20,382,776	62,675	35,047,817	34,520,826
Receipts for internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(424,926)	(621,079)	(826,515)	(1,828,594)	(1,767,193)	(390,133)	(155,268)	(5,602,330)	(348,212)
Payments for salaries/benefits	(688,457)	(1,036,123)	(688,866)	(64,983)	(2,118,548)	(527,869)	(4,124)	(4,949,149)	(672,081)
Payment for equipment rental	(117,600)	(209,223)	(54,490)	(9,992)	(208,565)	(64,158)	-	(212,871)	(103,321)
Payment for internal administrative costs	(23,210,443)	(33,700,910)	(25,467,154)	(14,139)	(37,578,707)	(16,119,598)	(2,967)	(2,778,973)	(27,383,491)
Net cash provided (used) by operating activities	6,627,245	8,744,044	5,245,323	1,990,252	5,576,527	3,281,018	(99,684)	21,504,494	6,013,721
Cash flows from noncapital financing activities:									
Receipts from property taxes	3,503,417	7,252,306	5,578,541	648,799	11,900,339	2,039,707	99,444	1,530,524	7,844,761
Other nonoperating receipts	-	-	-	-	-	-	-	-	-
Transfers from other funds	4,544,894	6,811,678	5,235,492	324,293	9,508,591	2,709,471	45,573	10,455,395	6,292,522
Transfers to other funds	(9,533,490)	(14,081,851)	(10,886,156)	(324,625)	(17,970,067)	(5,623,221)	(45,905)	(10,590,502)	(12,308,160)
Payments for tax and assessment	(15,203)	(12,564)	(14,536)	(2,089)	(17,266)	(12,539)	-	(146,037)	(12,552)
Net cash provided (used) by noncapital financing activities	(1,500,382)	(30,431)	(86,659)	646,378	3,421,597	(886,582)	99,112	1,249,380	1,816,571
Cash flows from capital and related financing activities:									
Borrowings on loans	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(307,961)	(4,645,883)	(2,837,370)	(2,079,519)	(2,559,704)	(1,238,663)	(69,581)	(4,136,764)	(163,569)
Connection fees proceeds	510,899	1,270,150	236,961	480,329	1,667,784	171,418	-	1,432,576	697,796
Grant proceeds	-	-	-	-	-	-	-	-	-
Interest paid on capital-related debt	(410,590)	(614,669)	(466,899)	(59,399)	(1,004,750)	(242,795)	(8,347)	(9,100,357)	(628,763)
Principal payments on bonds	(1,775,495)	(2,741,199)	(2,082,200)	(264,895)	(4,480,817)	(1,082,776)	(37,226)	(3,320,762)	(2,804,051)
Principal payments on loans	(28,828)	-	-	-	-	-	-	(4,889,784)	-
Net cash used by capital and related financing activities	(2,011,975)	(6,731,601)	(5,149,508)	(1,923,484)	(6,377,487)	(2,392,816)	(115,154)	(20,015,091)	(2,898,587)
Cash flows from investing activities:									
Interest received	704,514	1,063,913	667,362	583,541	964,151	398,513	66,944	805,421	995,174
Purchase of investments	(11,705,509)	(22,688,984)	(22,250,000)	(1,400,000)	(20,976,148)	-	(150,000)	(13,523,069)	(20,800,000)
Proceeds from maturities of investments	11,705,509	22,688,984	22,250,000	1,400,000	20,976,148	-	150,000	13,523,069	20,800,000
Net cash provided by investing activities	704,514	1,063,913	667,362	583,541	964,151	398,513	66,944	805,421	995,174
Net increase (decrease) in cash and cash equivalents	3,819,402	3,045,925	676,518	1,296,687	3,584,788	400,133	(48,782)	3,544,204	5,926,879
Cash and cash equivalents at beginning of fiscal year	27,794,343	35,478,738	29,283,243	5,509,573	38,250,682	23,725,776	918,913	32,824,261	29,732,948
Cash and cash equivalents at end of fiscal year	\$ 31,613,745	38,524,663	29,959,761	6,806,260	41,835,470	24,125,909	870,131	36,368,465	35,659,827

Exhibit E-3 (continued)
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 10,169,390	13,793,031	9,063,061	405,657	9,494,459	5,221,581	(154,684)	12,723,764	10,482,319
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	435,601	677,791	511,217	1,595,423	1,286,637	376,346	49,272	9,253,744	218,579
Decrease (increase) in accounts receivable	(73,424)	(182,556)	(135,170)	(28,080)	1,142,969	540,135	-	(643,899)	271,525
Decrease (increase) in service charge receivable	(96,199)	(223,230)	(169,793)	12,821	(288,604)	(330,291)	5,580	(247,210)	(296,104)
Decrease (increase) in deferred outflows of resources	31,146	(54,875)	22,938	11,081	32,514	(47,647)	2,249	(853,809)	110,116
Increase (decrease) in accounts payable	240	4,318	109,537	(2,559)	21,321	12,946	-	(224,966)	(5,457)
Increase (decrease) in claims liabilities	-	-	-	-	-	-	-	(3,697)	-
Increase in estimated pollution remediation	-	-	-	-	-	-	-	-	-
Decrease in other postemployment benefits liability	(10,364)	(26,852)	(13,586)	(869)	(31,013)	(13,344)	(49)	(73,780)	(9,947)
Increase in pension liability	126,833	328,611	166,268	10,624	379,532	163,298	602	902,901	121,729
Increase (decrease) in other liabilities	-	-	(15,674)	-	-	-	-	(64,762)	36
Increase (decrease) in due to/from other funds	(4,012,733)	(5,719,242)	(4,367,877)	(18,600)	(6,631,122)	(2,715,079)	(2,923)	332,175	(4,933,547)
Increase in deferred inflows of resources	56,755	147,048	74,402	4,754	169,834	73,073	269	404,033	54,472
Net cash provided (used) by operating activities	\$ 6,627,245	8,744,044	5,245,323	1,990,252	5,576,527	3,281,018	(99,684)	21,504,494	6,013,721
Schedule of noncash investing activity-									
Unrealized loss on fair value of investments	\$ (575,929)	(718,545)	(519,393)	(663,106)	(643,119)	(47,257)	(74,514)	(333,157)	(720,641)
Amortization of investment discount/premium	-	-	-	-	-	-	-	-	-
Investment in joint venture	-	-	-	-	-	-	-	-	-

Exhibit E-3-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Cash flows from operating activities:									
Receipts from customers and users	\$ 17,593,282	2,265,089	24,436,480	6,770,902	24,285,106	29,137,860	22,798,778	3,756,097	-
Receipts for internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(485,526)	(24,668)	(450,935)	(101,875)	(4,749,168)	(466,665)	(324,265)	(18,281)	(42,086)
Payments for salaries/benefits	(255,920)	(49,498)	(466,967)	(254,789)	(4,502,382)	(701,777)	(402,575)	(20,967)	(6,660)
Payment for equipment rental	(35,967)	(7,992)	(105,902)	(25,684)	(409,307)	(86,752)	(103,904)	-	-
Payment for internal administrative costs	(14,506,764)	(1,861,213)	(17,755,276)	(4,803,975)	(1,705,007)	(21,698,849)	(18,042,649)	(3,408,745)	(2,967)
Net cash provided (used) by operating activities	2,309,105	321,718	5,657,400	1,584,579	12,919,242	6,183,817	3,925,385	308,104	(51,713)
Cash flows from noncapital financing activities:									
Receipts from property taxes	5,602,106	594,743	4,285,893	1,490,971	1,354,818	4,361,091	4,370,150	433,128	358,066
Other nonoperating receipts	-	-	-	-	5,000,000	-	-	-	-
Transfers from other funds	3,743,758	481,220	3,725,107	1,130,193	11,005,274	4,303,056	3,655,093	627,213	63,736
Transfers to other funds	(7,117,046)	(917,359)	(7,614,326)	(2,234,982)	(11,089,656)	(9,097,475)	(7,659,818)	(1,169,626)	(64,068)
Payments for tax and assessment	(11,373)	(2,090)	(11,219)	(11,864)	(138,454)	(13,870)	(11,218)	(3)	-
Net cash provided (used) by noncapital financing activities	2,217,445	156,514	385,455	374,318	6,131,982	(447,198)	354,207	(109,288)	357,734
Cash flows from capital and related financing activities:									
Borrowings on loans	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(320,564)	-	(811,711)	-	(959,374)	(750,337)	13,033	-	(32,051)
Connection fees proceeds	161,271	15,326	214,221	40,088	1,042,743	410,711	258,336	14,145	3,372
Grant proceeds	-	-	42,225	-	-	125,044	-	-	-
Interest paid on capital-related debt	(391,835)	(50,143)	(343,687)	(110,812)	(7,567,092)	(370,664)	(320,763)	(67,746)	(11,674)
Principal payments on bonds	(1,747,441)	(223,623)	(1,532,719)	(494,182)	(3,438,179)	(1,653,028)	(1,430,484)	(302,120)	(52,062)
Principal payments on loans	-	-	-	-	-	-	-	-	-
Net cash used by capital and related financing activities	(2,298,569)	(258,440)	(2,431,671)	(564,906)	(10,921,902)	(2,238,274)	(1,479,878)	(355,721)	(92,415)
Cash flows from investing activities:									
Interest received	667,671	111,779	507,313	215,136	285,219	900,143	798,008	189,343	14,329
Purchase of investments	(14,691,258)	-	(13,341,268)	(3,800,000)	(6,300,000)	(18,000,000)	(12,929,338)	(1,359,094)	-
Proceeds from maturities of investments	14,691,258	273,000	13,341,268	3,800,000	6,300,000	18,000,000	12,929,338	1,362,050	36,998
Net cash provided by investing activities	667,671	384,779	507,313	215,136	285,219	900,143	798,008	192,299	51,327
Net increase (decrease) in cash and cash equivalents	2,895,652	604,571	4,118,497	1,609,127	8,414,541	4,398,488	3,597,722	35,394	264,933
Cash and cash equivalents at beginning of fiscal year	21,228,779	3,968,173	20,243,523	7,603,090	16,693,038	28,288,447	29,443,391	3,196,257	625,764
Cash and cash equivalents at end of fiscal year	\$ 24,124,431	4,572,744	24,362,020	9,212,217	25,107,579	32,686,935	33,041,113	3,231,651	890,697

Exhibit E-3-2 (continued)
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 4,509,456	628,164	7,483,680	1,575,851	5,235,240	9,320,269	6,471,011	587,703	(131,381)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	374,033	5,753	250,228	26,135	6,904,527	429,777	221,185	3,286	79,255
Decrease (increase) in accounts receivable	(6,970)	-	430,494	90,994	(345,774)	416,371	348,720	234,235	-
Decrease (increase) in service charge receivable	(170,769)	(6,196)	-	45,080	168,822	(237,341)	(119,184)	(887)	-
Decrease (increase) in deferred outflows of resources	96,781	10,309	29,888	6,320	(339,350)	(39,074)	55,013	19,619	3,037
Increase (decrease) in accounts payable	(1,218)	-	463,068	668,060	(34,216)	41,022	(7)	-	-
Increase (decrease) in claims liabilities	-	-	-	-	22,072	-	-	-	-
Increase in estimated pollution remediation	-	-	-	-	-	-	-	-	-
Decrease in other postemployment benefits liability	(3,231)	(632)	(8,631)	(3,132)	(59,973)	(16,825)	(5,197)	(254)	(80)
Increase in pension liability	39,543	7,738	105,619	38,333	733,930	205,880	63,601	3,114	980
Increase (decrease) in other liabilities	-	-	11	(5,000)	64,688	-	-	-	-
Increase (decrease) in due to/from other funds	(2,546,215)	(326,881)	(3,144,220)	(875,215)	240,855	(4,028,390)	(3,138,217)	(540,106)	(3,963)
Increase in deferred inflows of resources	17,695	3,463	47,263	17,153	328,421	92,128	28,460	1,394	439
Net cash provided (used) by operating activities	\$ 2,309,105	321,718	5,657,400	1,584,579	12,919,242	6,183,817	3,925,385	308,104	(51,713)
Schedule of noncash investing activity-									
Unrealized loss on fair value of investments	\$ (520,271)	(110,519)	(356,756)	(143,744)	(128,077)	(650,487)	(522,555)	(179,286)	(8,209)
Amortization of investment discount/premium	-	59	5	-	-	-	-	-	-
Investment in joint venture	-	-	-	-	-	-	-	-	-

(Continued on following page)

Exhibit E-3-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Districts							
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	Total
Cash flows from operating activities:								
Receipts from customers and users	\$ 637,224	1,920,475	5,500	22,440,969	349,661	34,191,226	6,738,773	446,161,414
Receipts for internal services	-	-	-	170,433,303	-	-	-	170,433,303
Payments to suppliers	(23,491)	(87,431)	-	(84,788,505)	(34)	(7,732,359)	(333,168)	(111,592,707)
Payments for salaries/benefits	(56,964)	(286,107)	(4)	(73,670,578)	(40,385)	(7,853,697)	(784,215)	(100,103,685)
Payment for equipment rental	(3,996)	(59,362)	-	(3,017,451)	-	(397,329)	(43,625)	(5,277,491)
Payment for internal administrative costs	(585,868)	(763,070)	(2,967)	-	(2,967)	(4,590,556)	(6,395,172)	(262,382,427)
Net cash provided (used) by operating activities	(33,095)	724,505	2,529	31,397,738	306,275	13,617,285	(817,407)	137,238,407
Cash flows from noncapital financing activities:								
Receipts from property taxes	672,428	148,271	-	-	-	7,170,164	5,550,919	76,790,586
Other nonoperating receipts	-	-	-	-	-	-	-	5,000,000
Transfers from other funds	162,409	114,414	-	85,212,287	-	3,322,183	1,639,328	165,113,180
Transfers to other funds	(300,253)	(291,145)	(332)	(33,486,075)	(332)	(3,528,087)	(3,119,156)	(169,053,713)
Payments for tax and assessment	(2,089)	(3,734)	-	(1,720,463)	(9,354)	(188,142)	(16,824)	(2,373,483)
Net cash provided (used) by noncapital financing activities	532,495	(32,194)	(332)	50,005,749	(9,686)	6,776,118	4,054,267	75,476,570
Cash flows from capital and related financing activities:								
Borrowings on loans	-	-	-	34,944,751	-	-	-	34,944,751
Purchases of capital assets	-	-	-	(70,181,234)	(248,694)	(7,893,953)	(129,680)	(99,353,579)
Connection fees proceeds	(10,329)	292	-	24,842,080	-	4,754,971	166,696	38,381,836
Grant proceeds	-	-	-	3,456,577	-	-	-	3,623,846
Interest paid on capital-related debt	(17,723)	(19,091)	-	(1,750,023)	-	(673,438)	(171,360)	(24,402,620)
Principal payments on bonds	(79,037)	(24,817)	-	-	-	(2,713,685)	(764,202)	(33,045,000)
Principal payments on loans	-	(43,689)	-	(20,072,129)	-	(3,220,659)	-	(28,255,089)
Net cash used by capital and related financing activities	(107,089)	(87,305)	-	(28,759,978)	(248,694)	(9,746,764)	(898,546)	(108,105,855)
Cash flows from investing activities:								
Interest received	99,016	86,294	61	8,980,049	470	1,534,449	443,748	21,082,561
Purchase of investments	(400,000)	(800,000)	-	-	-	(6,053,482)	(6,188,352)	(197,356,502)
Proceeds from maturities of investments	400,000	800,000	-	18,447,353	-	6,084,100	6,213,787	216,172,862
Net cash provided by investing activities	99,016	86,294	61	27,427,402	470	1,565,067	469,183	39,898,921
Net increase (decrease) in cash and cash equivalents	491,327	691,300	2,258	80,070,911	48,365	12,211,706	2,807,497	144,508,043
Cash and cash equivalents at beginning of fiscal year	2,219,889	2,627,746	1,438	90,494,655	63,337	72,368,022	10,753,633	533,337,659
Cash and cash equivalents at end of fiscal year	\$ 2,711,216	3,319,046	3,696	170,565,566	111,702	84,579,728	13,561,130	677,845,702

Exhibit E-3-3 (continued)
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Districts							
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (35,553)	636,306	2,519	(68,571,258)	269,592	6,304,740	(216,031)	45,268,886
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	94,388	180,347	13	49,724,233	2,836	5,150,540	291,947	78,143,093
Decrease (increase) in accounts receivable	-	(17,668)	-	(1,701,212)	-	345,532	3,852	690,074
Decrease (increase) in service charge receivable	(2,981)	345	-	-	-	(145,265)	10,325	(2,091,081)
Decrease (increase) in deferred outflows of resources	(1,317)	(33,603)	-	(10,804,331)	(16,333)	(1,176,279)	(66,324)	(13,001,931)
Increase (decrease) in accounts payable	-	(1,515)	-	414,538	2	175,522	14,373	1,655,009
Increase (decrease) in claims liabilities	-	-	-	(97,893)	-	(63,581)	-	(143,099)
Increase in estimated pollution remediation	-	-	-	7,336,363	-	-	-	7,336,363
Decrease in other postemployment benefits liability	(746)	(3,732)	-	(1,138,660)	(1,721)	(144,825)	(12,863)	(1,580,306)
Increase in pension liability	9,133	45,674	-	13,934,655	21,066	1,772,332	157,420	19,339,416
Increase (decrease) in other liabilities	-	-	-	65,628	-	54	-	44,981
Increase (decrease) in due to/from other funds	(100,106)	(102,087)	(3)	36,000,148	21,407	605,426	(1,070,549)	(7,077,064)
Increase in deferred inflows of resources	4,087	20,438	-	6,235,527	9,426	793,089	70,443	8,654,066
Net cash provided (used) by operating activities	\$ (33,095)	724,505	2,529	31,397,738	306,275	13,617,285	(817,407)	137,238,407
Schedule of noncash investing activity-								
Unrealized loss on fair value of investments	\$ (85,611)	(72,860)	-	(3,899,088)	-	(569,559)	(401,638)	(11,944,321)
Amortization of investment discount/premium	-	-	-	-	-	(19,937)	-	(19,873)
Investment in joint venture	-	-	-	(952,176)	-	-	-	(952,176)

Exhibit F-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Net Position
June 30, 2018

Assets

Current assets:	
Unrestricted cash and cash equivalents	\$ 6,676,975
Total unrestricted cash and cash equivalents	<u>6,676,975</u>
Receivables:	
Accounts	26,492
Interest	<u>66,274</u>
Total receivables	<u>92,766</u>
Total current assets	<u>6,769,741</u>
Total assets	<u>\$ 6,769,741</u>

Liabilities

Current liabilities:	
Accounts payable	\$ 24
Due to other funds	<u>9,090</u>
Total current liabilities	<u>9,114</u>
Total liabilities	<u>\$ 9,114</u>

Net Position

Net position:	
Unrestricted	\$ <u>6,760,627</u>
Total net position	<u>\$ 6,760,627</u>

Exhibit F-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2018

Operating revenues:	
Contract revenue	\$ 776,728
	<hr/>
Total operating revenues	776,728
	<hr/>
Operating expenses:	
Operations, repairs and maintenance	117
Salaries and benefits	88,161
Services	487,337
	<hr/>
Total operating expenses	575,615
	<hr/>
Operating income	201,113
	<hr/>
Nonoperating revenues (expenses):	
Interest revenue	105,767
	<hr/>
Net nonoperating revenues	105,767
	<hr/>
Income before transfers	306,880
	<hr/>
Transfers in	798
	<hr/>
Change in net position	307,678
	<hr/>
Total net position, July 1, 2017	6,452,949
	<hr/>
Total net position, June 30, 2018	\$ 6,760,627
	<hr/> <hr/>

Exhibit F-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,011,825
Payments to suppliers	(487,454)
Payments for salaries/benefits	(86,038)
	<hr/>
Net cash provided by operating activities	438,333
	<hr/>
Cash flows from noncapital financing activities:	
Transfers from other funds	798
	<hr/>
Net cash provided by noncapital financing activities	798
	<hr/>
Cash flows from investing activities:	
Interest received	71,702
	<hr/>
Net cash provided by investing activities	71,702
	<hr/>
Net increase in cash and cash equivalents	510,833
Cash and cash equivalents at beginning of fiscal year	6,166,142
	<hr/>
Cash and cash equivalents at end of fiscal year	\$ 6,676,975
	<hr/> <hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 201,113
	<hr/>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	235,097
Increase in due to other funds	2,123
	<hr/>
Net cash provided by operating activities	\$ 438,333
	<hr/> <hr/>

Exhibit G-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2018

Assets	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Current assets:								
Unrestricted cash and cash equivalents:								
Cash in bank	\$ -	-	524,200	218,775	807,486	135,562	-	1,686,023
Cash on hand	-	-	3,700	6,747	4,900	5,540	-	20,887
Cash and cash equivalents	8,026,615	388,614	2,600,260	12,472,188	12,306,945	649,932	328,381	36,772,935
Total unrestricted cash and cash equivalents	8,026,615	388,614	3,128,160	12,697,710	13,119,331	791,034	328,381	38,479,845
Receivables:								
Accounts, net	-	-	315,834	3,991,960	4,803,841	1,231,028	-	10,342,663
Due from other funds	65,110	80,342	55,797	735,729	-	33,940	-	970,918
Interest	45,369	156,278	13,878	986,554	38,079	3,675	3,606	1,247,439
Total receivables	110,479	236,620	385,509	5,714,243	4,841,920	1,268,643	3,606	12,561,020
Restricted/designated cash and investments:								
Cash and cash equivalents	731,404	13,463,903	-	86,528,456	-	-	79,975	100,803,738
Specific investments	-	60,109,213	-	220,600,459	-	-	239,460	280,949,132
Total restricted/designated cash and investments	731,404	73,573,116	-	307,128,915	-	-	319,435	381,752,870
Other specific investments	5,068,926	-	-	-	-	-	-	5,068,926
Total current assets	13,937,424	74,198,350	3,513,669	325,540,868	17,961,251	2,059,677	651,422	437,862,661
Other assets	-	-	-	260	-	-	-	260
Capital assets:								
Buildings	-	-	-	-	-	-	7,334,878	7,334,878
Capital improvements	23,710,778	41,216,844	2,260,241	246,784,379	-	-	76,801,413	390,773,655
Construction in progress	1,031	98,710	243,978	563,350	6,537,661	171,470	15,276	7,631,476
Gas-to-energy facilities	16,557,233	26,041,170	-	134,394,328	-	-	-	176,992,731
Land	-	-	77,665	-	16,203,794	7,236,414	2,993,718	26,511,591
Other	-	16,963	-	269,160	-	-	-	286,123
Rail facilities	-	-	-	-	-	-	54,060,853	54,060,853
Recycling and transfer facility	-	-	-	-	54,553,401	10,450,392	-	65,003,793
Use rights	3,758,185	635,000	-	9,001,642	-	12,006,393	42,360,490	67,761,710
Accumulated depreciation/amortization	(44,026,196)	(59,431,329)	(2,260,241)	(349,469,397)	(17,401,320)	(16,796,156)	-	(489,384,639)
Net capital assets	1,031	8,577,358	321,643	41,543,462	59,893,536	13,068,513	183,566,628	306,972,171
Total assets	\$ 13,938,455	82,775,708	3,835,312	367,084,590	77,854,787	15,128,190	184,218,050	744,835,092
Deferred Outflow of Resources								
Other postemployment benefits deferrals	\$ 211,798	116,452	122,667	722,074	758,343	256,269	47,163	2,234,766
Pension deferrals	1,181,801	233,276	599,253	3,381,904	3,826,592	1,269,741	217,852	10,710,419
Total deferred outflow of resources	\$ 1,393,599	349,728	721,920	4,103,978	4,584,935	1,526,010	265,015	12,945,185

(Continued on following page)

Exhibit G-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2018

Liabilities	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Current liabilities:								
Accounts payable	\$ 28,284	63,825	641,296	137,801	2,673,769	945,633	1,504	4,492,112
Claims liabilities	34,209	12,176	5,491	610,814	3,664	15,621	-	681,975
Construction contracts payable	-	-	-	-	513,861	171,470	-	685,331
Due to other funds	-	-	-	-	254,374	-	49,344	303,718
Estimated liability for closure and postclosure costs	-	1,994,516	-	8,821,771	-	-	-	10,816,287
Other	(6)	(596)	(11)	208	1	-	-	(404)
Total current liabilities	62,487	2,069,921	646,776	9,570,594	3,445,669	1,132,724	50,848	16,979,019
Long-term liabilities:								
Claims liabilities	102,628	36,527	16,473	1,832,441	10,993	46,864	-	2,045,926
Estimated liability for closure and postclosure costs	-	42,936,560	-	182,948,185	-	-	-	225,884,745
Other postemployment benefits liability	2,288,125	675,295	1,178,104	6,609,023	7,274,084	2,422,661	455,101	20,902,393
Pension liability	4,097,867	527,141	2,020,259	11,288,916	12,994,769	4,294,432	724,746	35,948,130
Total long-term liabilities	6,488,620	44,175,523	3,214,836	202,678,565	20,279,846	6,763,957	1,179,847	284,781,194
Total liabilities	\$ 6,551,107	46,245,444	3,861,612	212,249,159	23,725,515	7,896,681	1,230,695	301,760,213
Deferred Inflow of Resources								
Other postemployment benefits deferrals	\$ 42,552	23,396	24,645	145,072	152,358	51,487	9,475	448,985
Pension deferrals	434,993	91,493	221,723	1,253,547	1,413,951	469,527	80,798	3,966,032
Total deferred inflow of resources	\$ 477,545	114,889	246,368	1,398,619	1,566,309	521,014	90,273	4,415,017
Net Position								
Net position:								
Net investment in capital assets	\$ 1,031	8,577,358	321,643	41,543,462	59,379,675	12,897,043	183,566,628	306,286,840
Restricted for capital projects	731,404	480,596	-	3,949,501	-	-	-	5,161,501
Restricted for closure / postclosure maintenance	-	27,707,149	-	75,361,305	-	-	-	103,068,454
Restricted for site development	-	-	-	36,048,154	-	-	-	36,048,154
Unrestricted	7,570,967	-	127,609	638,368	(2,231,777)	(4,660,538)	(404,531)	1,040,098
Total net position	\$ 8,303,402	36,765,103	449,252	157,540,790	57,147,898	8,236,505	183,162,097	451,605,047

Exhibit G-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2018

	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Operating revenues:								
Commodities	\$ -	-	37,747	137,593	1,905,450	1,053,350	-	3,134,140
Contract revenue	4,015	-	-	253,820	32,864	-	17,860	308,559
Refuse tipping fees	-	-	9,742,047	878,939	34,965,888	15,016,439	-	60,603,313
Sale of energy	-	-	-	21,029,487	-	-	-	21,029,487
Other	2,210	(82)	23	75,952	7,904	218	3	86,228
Total operating revenues	6,225	(82)	9,779,817	22,375,791	36,912,106	16,070,007	17,863	85,161,727
Operating expenses:								
Chemicals	-	-	-	145,862	-	-	-	145,862
Depreciation and amortization of use rights	373	652,634	-	3,779,901	1,363,835	472,861	-	6,269,604
Equipment and vehicle rentals	99,623	138,527	426,853	519,176	2,208,487	657,108	8,085	4,057,859
Insurance and claims	18,642	(511)	34,678	235,687	223,439	96,840	5,918	614,693
Internal administrative costs	517,045	294,811	357,747	3,217,931	1,742,440	548,937	-	6,678,911
Materials and supplies	132,561	-	109,119	1,869,302	570,894	251,097	41,165	2,974,138
Operations, repairs and maintenance	28,494	23,689	25,415	738,536	553,399	186,209	43,970	1,599,712
Salaries and benefits	2,564,114	772,279	1,411,899	4,996,447	7,882,366	2,691,925	569,564	20,888,594
Services	204,532	256	6,264,638	372,425	26,604,240	12,590,550	153,732	46,190,373
Utilities	253,024	1,988	57,194	3,720	66,847	111,760	139,508	634,041
Total operating expenses	3,818,408	1,883,673	8,687,543	15,878,987	41,215,947	17,607,287	961,942	90,053,787
Operating income (loss)	(3,812,183)	(1,883,755)	1,092,274	6,496,804	(4,303,841)	(1,537,280)	(944,079)	(4,892,060)
Nonoperating revenues (expenses):								
Interest revenue	217,782	1,157,065	39,295	4,900,892	46,430	10,249	11,503	6,383,216
Other nonoperating revenue	791	2,592	-	3,104	-	10,158	-	16,645
Loss on sale of equipment/assets	-	-	-	(3,078,785)	-	-	-	(3,078,785)
Tax and assessment expense	(48,996)	-	(517,316)	(11)	(1,180,879)	(889,972)	(92,663)	(2,729,837)
Unrealized loss on investments	(114,338)	(1,217,725)	-	(5,017,113)	-	-	(6,935)	(6,356,111)
Net nonoperating revenues (expenses)	55,239	(58,068)	(478,021)	(3,191,913)	(1,134,449)	(869,565)	(88,095)	(5,764,872)
Income (loss) before capital contribution revenue and transfers	(3,756,944)	(1,941,823)	614,253	3,304,891	(5,438,290)	(2,406,845)	(1,032,174)	(10,656,932)
Capital contribution revenue:								
Capital grants	4,434	-	-	38,729	-	-	-	43,163
Transfers in	6,593	2,600,000	6,370,194	1,905,243	26,176,985	3,340,858	1,000,000	41,399,873
Transfers out	(23,517)	(2,602,031)	(7,370,194)	(1,908,843)	(9,855,520)	(2,019,242)	-	(23,779,347)
Change in net position	(3,769,434)	(1,943,854)	(385,747)	3,340,020	10,883,175	(1,085,229)	(32,174)	7,006,757
Total net position, July 1, 2017, as previously stated	13,866,813	38,894,711	1,770,624	155,900,044	52,319,022	11,550,654	183,572,639	457,874,507
Cumulative effect of change in accounting methods	(2,099,359)	(571,507)	(1,068,776)	(5,965,472)	(6,598,209)	(2,194,261)	(413,067)	(18,910,651)
Prior-period adjustments	305,382	385,753	133,151	4,266,198	543,910	(34,659)	34,699	5,634,434
Total net position, July 1, 2017, as restated	12,072,836	38,708,957	834,999	154,200,770	46,264,723	9,321,734	183,194,271	444,598,290
Total net position, June 30, 2018	\$ 8,303,402	36,765,103	449,252	157,540,790	57,147,898	8,236,505	183,162,097	451,605,047

Exhibit G-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Cash flows from operating activities:								
Receipts from customers and users	\$ 4,502	483	9,733,319	24,121,541	37,491,111	16,132,890	17,860	87,501,706
Payments to suppliers	(538,336)	1,565	(6,022,946)	(3,257,647)	(25,438,670)	(12,348,348)	(397,420)	(48,001,802)
Payments for salaries/benefits	(2,198,677)	(433,508)	(1,266,669)	(2,977,761)	(6,673,621)	(2,257,524)	(467,825)	(16,275,585)
Payments applied to closure/postclosure liability	-	(1,825,332)	-	(12,532,652)	-	-	-	(14,357,984)
Payment for equipment rental	(99,623)	(138,527)	(426,853)	(540,601)	(2,208,487)	(657,108)	(8,085)	(4,079,284)
Payment for internal administrative costs	(615,019)	(358,871)	(395,429)	(3,794,475)	(2,111,730)	(637,491)	-	(7,913,015)
Net cash provided (used) by operating activities	(3,447,153)	(2,754,190)	1,621,422	1,018,405	1,058,603	232,419	(855,470)	(3,125,964)
Cash flows from noncapital financing activities:								
Payments for tax and assessment	(48,996)	-	(517,316)	(11)	(1,180,879)	(889,972)	(92,663)	(2,729,837)
Transfers from other funds	6,593	2,600,000	6,370,194	1,905,243	25,855,277	3,019,242	1,000,000	40,756,549
Transfers to other funds	(23,517)	(2,602,031)	(7,370,194)	(1,908,843)	(9,855,520)	(2,019,242)	-	(23,779,347)
Net cash provided (used) by noncapital financing activities	(65,920)	(2,031)	(1,517,316)	(3,611)	14,818,878	110,028	907,337	14,247,365
Cash flows from capital and related financing activities:								
Purchases of capital assets	2,191	(119,814)	(54,835)	(905,232)	(6,507,062)	(505,876)	(273)	(8,090,901)
Grant proceeds	4,434	-	-	38,729	-	-	-	43,163
Proceeds from sale of equipment	-	2,592	-	241,990	-	-	-	244,582
Net cash provided (used) by capital and related financing activities	6,625	(117,222)	(54,835)	(624,513)	(6,507,062)	(505,876)	(273)	(7,803,156)
Cash flows from investing activities:								
Interest received	219,263	1,164,479	36,545	4,759,566	23,249	9,457	11,646	6,224,205
Purchase of investments	(1,468,463)	(10,400,074)	-	-	-	-	-	(11,868,537)
Proceeds from maturities of investments	5,612,063	10,370,465	-	10,165,435	-	-	-	26,147,963
Net cash provided by investing activities	4,362,863	1,134,870	36,545	14,925,001	23,249	9,457	11,646	20,503,631
Net increase (decrease) in cash and cash equivalents	856,415	(1,738,573)	85,816	15,315,282	9,393,668	(153,972)	63,240	23,821,876
Cash and cash equivalents at beginning of fiscal year	7,901,604	15,591,090	3,042,344	83,910,884	3,725,663	945,006	345,116	115,461,707
Cash and cash equivalents at end of fiscal year	\$ 8,758,019	13,852,517	3,128,160	99,226,166	13,119,331	791,034	408,356	139,283,583

Exhibit G-3 (continued)
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (3,812,183)	(1,883,755)	1,092,274	6,496,804	(4,303,841)	(1,537,280)	(944,079)	(4,892,060)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	373	652,634	-	3,779,901	1,363,835	472,861	-	6,269,604
Decrease (increase) in accounts receivable	24	111	(44,680)	(1,885,127)	472,785	41,976	-	(1,414,911)
Increase in deferred outflows of resources	(271,914)	(149,506)	(157,484)	(927,026)	(973,589)	(329,008)	(60,550)	(2,869,077)
Increase (decrease) in accounts payable	15,480	54,068	607,528	25,307	2,385,392	804,071	(11,949)	3,879,897
Decrease in estimated liability for closure and postclosure costs	-	(1,825,332)	-	(12,532,652)	-	-	-	(14,357,984)
Decrease in claims liabilities	-	(3,610)	(4,828)	(254,726)	(17,307)	(1,342)	-	(281,813)
Decrease in other postemployment benefits liability	(28,657)	(15,756)	(16,597)	(97,699)	(102,606)	(34,674)	(6,381)	(302,370)
Increase in pension liability	350,696	192,823	203,111	1,195,612	1,255,666	424,330	78,091	3,700,329
Increase (decrease) in due to other funds	142,098	137,849	(148,792)	4,682,994	416,379	201,604	54,454	5,486,586
Increase in deferred inflows of resources	156,930	86,284	90,890	535,017	561,889	189,881	34,944	1,655,835
Net cash provided (used) by operating activities	\$ (3,447,153)	(2,754,190)	1,621,422	1,018,405	1,058,603	232,419	(855,470)	(3,125,964)
Schedule of noncash investing activity-								
Unrealized loss on fair value of investments	\$ (114,338)	(1,217,725)	-	(5,017,113)	-	-	(6,935)	(6,356,111)

Exhibit H-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2018

Assets	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Current assets:					
Unrestricted cash and cash equivalents:					
Cash in bank	\$ 742,893	471,404	-	-	1,214,297
Cash on hand	5,870	5,106	-	-	10,976
Cash and cash equivalents	12,106,721	8,473,352	4,335,227	1,441,620	26,356,920
Total unrestricted cash and cash equivalents	12,855,484	8,949,862	4,335,227	1,441,620	27,582,193
Receivables:					
Accounts	2,680,284	1,576,612	-	194,850	4,451,746
Due from other funds	37,436	48,915	-	11,297	97,648
Interest	162,478	280,573	20,384	7,591	471,026
Total receivables	2,880,198	1,906,100	20,384	213,738	5,020,420
Restricted/designated cash and investments:					
Cash and cash equivalents	1,953,469	9,622,259	-	-	11,575,728
Specific investments	11,200,813	42,704,721	-	-	53,905,534
Total restricted/designated cash and investments	13,154,282	52,326,980	-	-	65,481,262
Other specific investments	10,999,429	4,986,539	-	-	15,985,968
Total current assets	39,889,393	68,169,481	4,355,611	1,655,358	114,069,843
Capital assets:					
Capital improvements	27,041,882	124,112,053	-	-	151,153,935
Construction in progress	2,757	12,448	-	213,584	228,789
Equipment pool	-	-	14,929,594	-	14,929,594
Use rights	300,131	947,215	-	-	1,247,346
Land	-	-	-	5,482,200	5,482,200
Accumulated depreciation/amortization	(24,862,640)	(103,702,550)	(6,223,313)	-	(134,788,503)
Net capital assets	2,482,130	21,369,166	8,706,281	5,695,784	38,253,361
Total assets	\$ 42,371,523	89,538,647	13,061,892	7,351,142	152,323,204
Deferred Outflow of Resources					
Other postemployment benefits deferrals	\$ 406,371	422,121	68,517	56,167	953,176
Pension deferrals	2,101,996	2,129,217	341,477	320,128	4,892,818
Total deferred outflow of resources	\$ 2,508,367	2,551,338	409,994	376,295	5,845,994

(Continued on following page)

Exhibit H-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2018

	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Liabilities					
Current liabilities:					
Accounts payable	\$ 3,191,797	919,552	650	77,332	4,189,331
Claims liabilities	48,426	76,684	-	-	125,110
Due to other funds	-	-	25,146	-	25,146
Other	7	-	-	696	703
Total current liabilities	3,240,230	996,236	25,796	78,028	4,340,290
Long-term liabilities:					
Claims liabilities	145,279	230,053	-	-	375,332
Estimated liability for closure and postclosure costs	10,751,626	70,125,860	-	-	80,877,486
Other postemployment benefits liability	4,126,469	4,171,189	677,096	603,806	9,578,560
Pension liability	7,176,677	7,230,032	1,156,442	1,114,584	16,677,735
Total long-term liabilities	22,200,051	81,757,134	1,833,538	1,718,390	107,509,113
Total liabilities	\$ 25,440,281	82,753,370	1,859,334	1,796,418	111,849,403
Deferred Inflow of Resources					
Other postemployment benefits deferrals	\$ 81,644	84,808	13,766	11,285	191,503
Pension deferrals	775,933	786,772	126,242	117,740	1,806,687
Total deferred inflow of resources	\$ 857,577	871,580	140,008	129,025	1,998,190
Net Position					
Net position:					
Net investment in capital assets	\$ 2,482,130	21,369,166	8,706,281	5,695,784	38,253,361
Restricted for closure / postclosure maintenance	2,402,656	-	-	-	2,402,656
Unrestricted	13,697,246	(12,904,131)	2,766,263	106,210	3,665,588
Total net position	\$ 18,582,032	8,465,035	11,472,544	5,801,994	44,321,605

Exhibit H-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2018

	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Operating revenues:					
Commodities	\$ 9,116	6,355	-	-	15,471
Contract revenue	44,696	-	-	1,106,579	1,151,275
Equipment pool	-	-	4,047,660	-	4,047,660
Refuse tipping fees	28,654,426	17,582,041	-	-	46,236,467
Other	11,746	231	296,172	11	308,160
Total operating revenues	28,719,984	17,588,627	4,343,832	1,106,590	51,759,033
Operating expenses:					
Chemicals	2,080	-	-	-	2,080
Depreciation and amortization of use rights	485,774	1,288,780	842,622	-	2,617,176
Equipment and vehicle rentals	2,138,290	2,043,299	12,601	26,350	4,220,540
Insurance and claims	95,551	75,713	12,305	(26,416)	157,153
Internal administrative costs	1,201,669	1,128,740	-	60,721	2,391,130
Landfill closure & postclosure costs	(358,135)	2,019,685	-	-	1,661,550
Materials and supplies	562,560	599,007	439,468	24,332	1,625,367
Operations, repairs and maintenance	6,702,904	59,127	1,357,211	167,154	8,286,396
Salaries and benefits	4,817,517	4,996,127	827,991	681,437	11,323,072
Services	756,903	753,977	32,193	111,972	1,655,045
Tonnage	4,016,753	-	-	-	4,016,753
Utilities	397,909	336,401	2,315	90,301	826,926
Total operating expenses	20,819,775	13,300,856	3,526,706	1,135,851	38,783,188
Operating income (loss)	7,900,209	4,287,771	817,126	(29,261)	12,975,845
Nonoperating revenues (expenses):					
Interest revenue	507,094	942,124	7,385	76,114	1,532,717
Other nonoperating revenue	-	-	244	-	244
Gain on sale of equipment/assets	-	-	47,169	-	47,169
Tax and assessment expense	(1,476,020)	(3,672,815)	(772)	124,534	(5,025,073)
Unrealized loss on investments	(453,187)	(1,221,438)	-	-	(1,674,625)
Net nonoperating revenues (expenses)	(1,422,113)	(3,952,129)	54,026	200,648	(5,119,568)
Income before capital contribution revenue and transfers	6,478,096	335,642	871,152	171,387	7,856,277
Capital contribution revenue:					
Capital grants	4,529	-	-	-	4,529
Transfers in	8,612,123	7,827,197	2,479,000	-	18,918,320
Transfers out	(9,853,069)	(9,070,236)	-	(92)	(18,923,397)
Change in net position	5,241,679	(907,397)	3,350,152	171,295	7,855,729
Total net position, July 1, 2017, as previously stated	16,651,512	12,636,942	8,738,422	6,101,444	44,128,320
Cumulative effect of change in accounting methods	(3,764,289)	(3,794,972)	(616,030)	(553,747)	(8,729,038)
Prior-period adjustments	453,130	530,462	-	83,002	1,066,594
Total net position, July 1, 2017, as restated	13,340,353	9,372,432	8,122,392	5,630,699	36,465,876
Total net position, June 30, 2018	\$ 18,582,032	8,465,035	11,472,544	5,801,994	44,321,605

Exhibit H-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 28,290,791	17,483,900	1,743	1,535,671	47,312,105
Receipts for equipment rental	-	-	4,317,643	-	4,317,643
Payments to suppliers	(11,841,317)	(823,560)	(1,768,700)	(373,004)	(14,806,581)
Payments for salaries/benefits	(4,051,094)	(4,259,765)	(708,105)	(564,965)	(9,583,929)
Payment for equipment rental	(2,138,732)	(2,043,299)	(12,601)	(26,350)	(4,220,982)
Payment for internal administrative costs	(1,378,777)	(1,294,543)	-	(73,910)	(2,747,230)
Net cash provided by operating activities	8,880,871	9,062,733	1,829,980	497,442	20,271,026
Cash flows from noncapital financing activities:					
Payments for tax and assessment	(1,476,020)	(3,672,815)	(772)	124,534	(5,025,073)
Transfers from other funds	8,612,123	7,827,197	2,479,000	-	18,918,320
Transfers to other funds	(9,853,069)	(9,070,236)	-	(93)	(18,923,398)
Net cash provided (used) by noncapital financing activities	(2,716,966)	(4,915,854)	2,478,228	124,441	(5,030,151)
Cash flows from capital and related financing activities:					
Purchases of capital assets	(179,563)	(99,561)	(5,351,091)	(69,854)	(5,700,069)
Grant proceeds	4,529	-	-	-	4,529
Proceeds from sale of equipment	-	-	151,066	-	151,066
Net cash used by capital and related financing activities	(175,034)	(99,561)	(5,200,025)	(69,854)	(5,544,474)
Cash flows from investing activities:					
Interest received	475,102	921,145	-	74,108	1,470,355
Purchase of investments	(18,668,568)	(5,000,155)	-	-	(23,668,723)
Proceeds from maturities of investments	8,468,516	-	-	-	8,468,516
Net cash provided (used) by investing activities	(9,724,950)	(4,079,010)	-	74,108	(13,729,852)
Net increase (decrease) in cash and cash equivalents	(3,736,079)	(31,692)	(891,817)	626,137	(4,033,451)
Cash and cash equivalents at beginning of fiscal year	18,545,032	18,603,813	5,227,044	815,483	43,191,372
Cash and cash equivalents at end of fiscal year	\$ 14,808,953	18,572,121	4,335,227	1,441,620	39,157,921
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 7,900,209	4,287,771	817,126	(29,261)	12,975,845
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	485,774	1,288,780	842,622	-	2,617,176
Landfill closure and postclosure costs	(358,135)	2,019,685	-	-	1,661,550
Decrease (increase) in accounts receivable	(484,739)	(105,864)	-	428,381	(162,222)
Increase in deferred outflows of resources	(521,715)	(541,935)	(87,964)	(72,109)	(1,223,723)
Increase (decrease) in accounts payable	595,427	846,571	(8,016)	70,621	1,504,603
Increase (decrease) in claims liabilities	(16,216)	868	-	(28,458)	(43,806)
Decrease in other postemployment benefits liability	(54,983)	(57,114)	(9,271)	(7,600)	(128,968)
Increase in pension liability	672,870	698,949	113,451	93,002	1,578,272
Increase in due to other funds	361,280	312,254	111,264	1,249	786,047
Increase in deferred inflows of resources	301,099	312,768	50,768	41,617	706,252
Net cash provided by operating activities	\$ 8,880,871	9,062,733	1,829,980	497,442	20,271,026
Schedule of noncash investing activity-					
Unrealized loss on fair value of investments	\$ (453,187)	(1,221,438)	-	-	(1,674,625)

Exhibit I-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Combining Schedule of Net Position
June 30, 2018

Assets	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Current assets:							
Unrestricted cash and cash equivalents:							
Cash in bank	\$ 3,713,310	-	-	-	-	-	3,713,310
Cash on hand	12,900	-	-	-	-	-	12,900
Cash and cash equivalents	3,900,414	7,017,903	5,649,441	10,230,264	227,066	1,216,485	28,241,573
Total unrestricted cash and cash equivalents	7,626,624	7,017,903	5,649,441	10,230,264	227,066	1,216,485	31,967,783
Receivables:							
Accounts	203,256	-	1,049,127	-	-	-	1,252,383
Due from other funds	-	-	41,202	42,631	-	-	83,833
Interest	283,479	42,296	604,721	61,881	2,155	6,624	1,001,156
Total receivables	486,735	42,296	1,695,050	104,512	2,155	6,624	2,337,372
Inventory	20,334,190	-	-	-	-	-	20,334,190
Restricted/designated cash and investments:							
Cash and cash equivalents	32,842,794	-	13,127,493	-	-	-	45,970,287
Specific investments	16,004,600	-	224,227,409	-	-	-	240,232,009
Total restricted/designated cash and investments	48,847,394	-	237,354,902	-	-	-	286,202,296
Other specific investments	-	-	28,940,434	10,104,955	-	-	39,045,389
Total current assets	77,294,943	7,060,199	273,639,827	20,439,731	229,221	1,223,109	379,887,030
Investment in joint ventures	-	-	9,721,628	-	-	-	9,721,628
Other assets	2,820	-	-	-	2	-	2,822
Capital assets:							
Buildings and equipment	65,664,330	-	10,388,546	-	-	-	76,052,876
Capital improvements	-	-	2,107,936	-	-	-	2,107,936
Construction in progress	2,109,445	329,810	199,416,175	-	-	-	201,855,430
Equipment pool	-	-	-	20,748,769	1,782,652	29,631,139	52,162,560
Gas-to-energy facility	-	-	40,408,203	-	-	-	40,408,203
Land	592,901	-	28,373,391	-	-	-	28,966,292
Other	18,144,350	17,179,140	60,541	-	-	-	35,384,031
Accumulated depreciation	(41,749,623)	(4,315,612)	(19,573,972)	(10,617,385)	(750,859)	(15,446,773)	(92,454,224)
Net capital assets	44,761,403	13,193,338	261,180,820	10,131,384	1,031,793	14,184,366	344,483,104
Total assets	\$ 122,059,166	20,253,537	544,542,275	30,571,115	1,261,016	15,407,475	734,094,584
Deferred Outflow of Resources							
Other postemployment benefits deferrals	\$ 2,656,266	3,616,101	307,369	165,132	4,501	148,910	6,898,279
Pension deferrals	14,494,978	20,886,910	1,506,468	824,013	16,893	722,588	38,451,850
Total deferred outflow of resources	\$ 17,151,244	24,503,011	1,813,837	989,145	21,394	871,498	45,350,129

(Continued on following page)

Exhibit I-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Combining Schedule of Net Position
June 30, 2018

Liabilities	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Current liabilities:							
Accounts payable	\$ 11,831,765	105,095	177,730	7,705	37,712	93,625	12,253,632
Accrued employee absences	27,000,000	-	-	-	-	-	27,000,000
Amounts held for others	6,844,044	-	-	-	-	-	6,844,044
Bonds payable	-	-	1,404,400	-	-	-	1,404,400
Claims liabilities	83,416	239,558	35,307	-	-	-	358,281
Construction contracts payable	-	-	1,126,972	-	-	-	1,126,972
Due to other funds	7,475,896	6,842,551	-	-	92,134	46,862	14,457,443
Interest payable	-	-	3,316	-	-	-	3,316
Other	28,877	241,784	(48,616)	10,000	(10,000)	-	222,045
Total current liabilities	53,263,998	7,428,988	2,699,109	17,705	119,846	140,487	63,670,133
Long-term liabilities:							
Accrued employee absences	9,577,247	-	-	-	-	-	9,577,247
Bonds payable, net	-	-	4,213,195	-	-	-	4,213,195
Claims liabilities	250,249	718,674	105,921	-	-	-	1,074,844
Other postemployment benefits liability	28,393,059	39,715,918	3,076,346	1,626,813	34,528	1,432,234	74,278,898
Pension liability	50,040,071	72,905,017	5,082,536	2,791,362	53,014	2,432,309	133,304,309
Total long-term liabilities	88,260,626	113,339,609	12,477,998	4,418,175	87,542	3,864,543	222,448,493
Total liabilities	\$ 141,524,624	120,768,597	15,177,107	4,435,880	207,388	4,005,030	286,118,626
Deferred Inflow of Resources							
Other postemployment benefits deferrals	\$ 533,671	726,510	61,753	33,177	904	29,916	1,385,931
Pension deferrals	5,339,687	7,678,394	557,315	304,616	6,329	267,431	14,153,772
Total deferred inflow of resources	\$ 5,873,358	8,404,904	619,068	337,793	7,233	297,347	15,539,703
Net Position							
Net position:							
Net investment in capital assets	44,761,403	13,193,338	254,436,253	10,131,384	1,031,793	14,184,366	337,738,537
Unrestricted	(52,948,975)	(97,610,291)	276,123,684	16,655,203	35,996	(2,207,770)	140,047,847
Total net position	\$ (8,187,572)	(84,416,953)	530,559,937	26,786,587	1,067,789	11,976,596	477,786,384

Exhibit I-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2018

	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Operating revenues:							
Commodities	\$ 56	-	-	-	-	-	56
Contract revenue	30,264	8,986	393,840	-	-	-	433,090
Equipment pool	-	-	-	4,474,099	407,484	5,657,232	10,538,815
Internal services revenue	37,473,058	49,353,655	-	-	-	-	86,826,713
Sale of energy	-	-	3,281,270	-	-	-	3,281,270
Other	92,002	7,613	610,224	262,009	248,355	14,309	1,234,512
Total operating revenues	37,595,380	49,370,254	4,285,334	4,736,108	655,839	5,671,541	102,314,456
Operating expenses:							
Chemicals	-	8,891	-	-	-	-	8,891
Depreciation	3,706,665	559,212	1,016,259	1,638,124	139,939	1,826,996	8,887,195
Equipment and vehicle rentals	330,583	434,362	62,704	124,975	-	15,481	968,105
Insurance and claims	365,897	799,772	21,409	87,832	36,363	211,977	1,523,250
Internal administrative costs	-	-	433,170	-	-	-	433,170
Materials and supplies	4,564,515	3,462,585	447,839	527,716	40,882	461,415	9,504,952
Operations, repairs and maintenance	1,391,149	2,054,928	2,357,249	1,400,170	127,386	1,208,839	8,539,721
Salaries and benefits	28,745,300	43,968,186	2,635,156	2,012,648	53,653	1,797,805	79,212,748
Services	5,116,818	2,032,123	272,162	268,007	3,298	84,161	7,776,569
Utilities	855,895	162,200	284,066	134,349	1,131	616	1,438,257
Total operating expenses	45,076,822	53,482,259	7,530,014	6,193,821	402,652	5,607,290	118,292,858
Operating income (loss)	(7,481,442)	(4,112,005)	(3,244,680)	(1,457,713)	253,187	64,251	(15,978,402)
Nonoperating revenues (expenses):							
Interest revenue	951,473	100,571	4,562,996	318,856	5,184	19,342	5,958,422
Investment in joint ventures	-	-	(2,365,950)	-	-	-	(2,365,950)
Other nonoperating revenue	243,978	1,175	-	61,362	1,178	37,682	345,375
Interest expense	-	-	(78,168)	-	-	-	(78,168)
Gain (loss) on sale of equipment/assets	-	-	700,000	(597,699)	(24,205)	28,007	106,103
Other nonoperating expense	-	(3,500)	(153,815)	-	-	-	(157,315)
Tax and assessment expense	(15,922)	(93,338)	(15,920)	(19,989)	-	(15,787)	(160,956)
Unrealized loss on investments	(353,101)	-	(5,407,782)	(265,938)	-	-	(6,026,821)
Net nonoperating revenue (expenses)	826,428	4,908	(2,758,639)	(503,408)	(17,843)	69,244	(2,379,310)
Income (loss) before transfers	(6,655,014)	(4,107,097)	(6,003,319)	(1,961,121)	235,344	133,495	(18,357,712)
Transfers in	23,769,499	635,747	2,502,481	-	150,000	-	27,057,727
Transfers out	(9,240,195)	-	(31,493,237)	-	-	-	(40,733,432)
Change in net position	7,874,290	(3,471,350)	(34,994,075)	(1,961,121)	385,344	133,495	(32,033,417)
Total net position, July 1, 2017, as previously stated	45,010,245	(44,452,544)	568,329,597	30,227,346	712,962	13,142,622	612,970,228
Cumulative effect of change in accounting methods	(26,025,652)	(36,493,059)	(2,802,403)	(1,479,638)	(30,517)	(1,299,521)	(68,130,790)
Prior-period adjustments	(35,046,455)	-	26,818	-	-	-	(35,019,637)
Total net position, July 1, 2017, as restated	(16,061,862)	(80,945,603)	565,554,012	28,747,708	682,445	11,843,101	509,819,801
Total net position, June 30, 2018	\$ (8,187,572)	(84,416,953)	530,559,937	26,786,587	1,067,789	11,976,596	477,786,384

Exhibit I-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Cash flows from operating activities:							
Receipts from customers and users	\$ 126,354	106,055	3,929,400	513,228	325,905	172,533	5,173,475
Receipts for internal services	47,701,060	55,403,655	-	-	-	-	103,104,715
Receipts for equipment rental	-	-	-	4,229,577	430,487	5,632,496	10,292,560
Payments to suppliers	(12,540,691)	(7,057,165)	(3,945,538)	(2,567,818)	(153,854)	(1,986,501)	(28,251,567)
Payments for salaries/benefits	(52,464,743)	(37,510,665)	(2,089,943)	(1,752,479)	(17,762)	(1,514,839)	(95,350,431)
Payment for equipment rental	(330,583)	(434,362)	(127,045)	(124,975)	-	(15,481)	(1,032,446)
Payment for internal administrative costs	-	-	(495,346)	-	-	-	(495,346)
Net cash provided (used) by operating activities	(17,508,603)	10,507,518	(2,728,472)	297,533	584,776	2,288,208	(6,559,040)
Cash flows from noncapital financing activities:							
Payments for tax and assessment	(15,922)	(93,338)	(15,920)	(19,989)	-	(15,787)	(160,956)
Donations	16,000	-	-	-	-	-	16,000
Transfers from other funds	12,414,651	635,747	2,502,481	-	150,000	-	15,702,879
Transfers to other funds	(9,240,295)	-	(19,494,973)	-	-	-	(28,735,268)
Net cash provided (used) by noncapital financing activities	3,174,434	542,409	(17,008,412)	(19,989)	150,000	(15,787)	(13,177,345)
Cash flows from capital and related financing activities:							
Purchases of capital assets	(3,565,168)	(643,685)	(1,447,400)	(3,086,139)	(502,315)	(2,645,545)	(11,890,252)
Receipt from joint venture	-	-	150,000	-	-	-	150,000
Interest paid on capital related debt	-	-	(78,997)	-	-	-	(78,997)
Principal payments on bonds	-	-	(1,404,400)	-	-	-	(1,404,400)
Proceeds from sale of equipment/assets	206,150	36,527	-	1,353,380	-	151,389	1,747,446
Net cash used by capital and related financing activities	(3,359,018)	(607,158)	(2,780,797)	(1,732,759)	(502,315)	(2,494,156)	(11,476,203)
Cash flows from investing activities:							
Interest received	894,447	86,648	4,371,298	316,279	3,361	16,551	5,688,584
Purchase of investments	(787,009)	-	(82,731,249)	-	-	-	(83,518,258)
Proceeds from maturities/sale of investments	835,007	-	70,840,854	2,611,064	-	-	74,286,925
Net cash provided (used) by investing activities	942,445	86,648	(7,519,097)	2,927,343	3,361	16,551	(3,542,749)
Net increase (decrease) in cash and cash equivalents	(16,750,742)	10,529,417	(30,036,778)	1,472,128	235,822	(205,184)	(34,755,337)
Cash and cash equivalents at beginning of fiscal year	57,220,160	(3,511,514)	48,813,712	8,758,136	(8,756)	1,421,669	112,693,407
Cash and cash equivalents at end of fiscal year	\$ 40,469,418	7,017,903	18,776,934	10,230,264	227,066	1,216,485	77,938,070

Exhibit I-3 (continued)
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Cash Flows
Fiscal year ended June 30, 2018

	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (7,481,442)	(4,112,005)	(3,244,680)	(1,457,713)	253,187	64,251	(15,978,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	3,706,665	559,212	1,016,259	1,638,124	139,939	1,826,996	8,887,195
Decrease (increase) in accounts receivable	4,032	89,456	(539,203)	-	-	-	(445,715)
Increase in inventory	(669,075)	-	-	-	-	-	(669,075)
Increase in deferred outflows of resources	(3,410,217)	(4,642,489)	(394,612)	(212,003)	(5,778)	(191,175)	(8,856,274)
Increase (decrease) in accounts payable	(5,695,660)	(33,723)	99,972	(6,301)	396	(11,201)	(5,646,517)
Decrease in accrued employee absences	(144,893)	-	-	-	-	-	(144,893)
Increase (decrease) in claims liabilities	(92,828)	1,852	(135,443)	-	-	-	(226,419)
Decrease in other postemployment benefits liability	(359,401)	(489,268)	(41,588)	(22,343)	(609)	(20,147)	(933,356)
Increase in pension liability	4,398,262	5,987,551	508,942	273,426	7,453	246,558	11,422,192
Increase (decrease) in other liabilities	(256,460)	241,784	(65,589)	9,986	(10,000)	-	(80,279)
Increase in amounts held for others	198,946	-	-	-	-	-	198,946
Increase (decrease) in due to other funds	(9,674,689)	10,225,818	(160,273)	(47,997)	196,853	262,596	802,308
Increase in deferred inflows of resources	1,968,157	2,679,330	227,743	122,354	3,335	110,330	5,111,249
Net cash provided (used) by operating activities	\$ (17,508,603)	10,507,518	(2,728,472)	297,533	584,776	2,288,208	(6,559,040)
Schedule of noncash investing activity-							
Unrealized loss on fair value of investments	\$ (353,101)	-	(5,407,782)	(265,938)	-	-	(6,026,821)
Investment from joint ventures	-	-	(2,515,950)	-	-	-	(2,515,950)

Liquid Waste Disposal Station

Food waste slurry is transported to a liquid waste disposal station at our Joint Water Pollution Control Plant.



Schedule 1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Net Position by Component
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net Investment in Capital Assets	\$1,794,938	\$1,846,438	\$2,043,959	\$2,176,888	\$2,163,967	\$2,324,683	\$2,425,697	\$2,510,653	\$2,569,596	\$2,625,877
Restricted	1,313,829	1,431,817	1,487,066	1,406,583	1,489,800	882,206	830,382	614,964	632,009	511,794
Unrestricted	438,486	418,262	311,704	334,042	371,308	883,243	590,578	849,383	926,728	913,338
Total Net Position	<u>\$3,547,253</u>	<u>\$3,696,517</u>	<u>\$3,842,729</u>	<u>\$3,917,513</u>	<u>\$4,025,075</u>	<u>\$4,090,132</u>	<u>\$3,846,657</u>	<u>\$3,975,000</u>	<u>\$4,128,333</u>	<u>\$4,051,009</u>

Schedule 2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Changes in Net Position
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Operating Revenues	\$492,598	\$525,810	\$560,563	\$534,890	\$554,282	\$530,264	\$541,086	\$545,758	\$574,894	\$590,185
Operating Expenses	520,681	439,072	485,580	489,657	477,068	538,751	539,460	496,260	498,319	552,610
Operating Income/(Loss)	(28,083)	86,738	74,983	45,233	77,214	(8,487)	1,626	49,498	76,575	37,575
Total Net Nonoperating Revenues	80,492	35,863	21,967	10,098	4,236	39,501	58,091	58,789	58,613	50,455
Income/(Loss) Before Capital Contributions	52,409	122,601	96,950	55,331	81,450	31,014	59,717	108,287	135,188	88,030
Capital Contributions	21,966	25,163	18,144	19,453	26,113	38,842	32,966	35,800	36,286	41,524
Prior-Period Adjustments	-	-	-	-	-	(4,799,699)	(336,158)	(15,745)	(18,141)	5,033
Change in Accounting Methods	-	-	-	-	-	-	-	-	-	(211,911)
Change in Net Position	<u>\$74,375</u>	<u>\$147,764</u>	<u>\$115,094</u>	<u>\$74,784</u>	<u>\$107,563</u>	<u>\$(4,729,843)</u>	<u>\$(243,475)</u>	<u>\$128,342</u>	<u>\$153,333</u>	<u>\$(77,324)</u>

Schedule 3
SANITATION DISTRICTS OF LOS ANGELES COUNTY

Operating Revenues
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Commodities	\$3,247	\$2,898	\$4,025	\$5,343	\$7,276	\$7,894	\$8,779	\$8,459	\$5,864	\$3,150
Contract Revenue	16,850	17,951	43,613	24,056	25,542	23,808	22,172	17,394	18,363	19,565
Industrial Waste Surcharge	49,394	54,305	59,508	57,861	56,999	58,092	63,505	64,477	64,356	67,060
Refuse Tipping Fees	136,917	134,835	108,808	102,539	112,160	87,798	80,316	95,119	106,169	107,034
Sale of Energy	42,880	43,061	43,241	45,511	30,429	35,285	30,356	23,173	23,354	24,881
Service Charges	237,218	268,269	297,474	295,831	318,035	312,890	331,261	335,526	353,963	365,437
Other	6,092	4,491	3,894	3,749	3,841	4,497	4,697	1,610	2,825	3,058
Total Operating Revenue	<u>\$492,598</u>	<u>\$525,810</u>	<u>\$560,563</u>	<u>\$534,890</u>	<u>\$554,282</u>	<u>\$530,264</u>	<u>\$541,086</u>	<u>\$545,758</u>	<u>\$574,894</u>	<u>\$590,185</u>

Schedule 4
SANITATION DISTRICTS OF LOS ANGELES COUNTY

Operating Expenses
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Chemicals	\$32,579	\$33,314	\$31,790	\$33,394	\$34,778	\$33,912	\$33,675	\$32,300	\$30,072	\$31,166
Insurance and Claims	4,326	4,054	5,577	3,403	4,154	1,657	5,105	4,284	4,309	3,424
Landfill Closure and Postclosure Costs	34,349	(10,217)	4,193	23,894	8,842	22,764	34,395	10,419	1,554	1,662
Materials and Supplies	23,064	15,383	21,398	21,537	22,164	24,264	27,171	27,677	27,403	28,689
Operations, Repairs, and Maintenance	37,921	28,915	55,217	37,516	31,271	34,951	30,960	21,719	19,500	22,503
Salaries and Benefits	184,232	190,500	189,543	197,449	195,752	198,288	192,500	185,252	208,361	231,563
Services	77,329	64,990	65,110	58,499	62,468	81,166	91,973	96,658	90,029	102,061
Utilities	29,816	24,289	24,998	23,805	24,237	26,525	25,053	22,247	19,834	22,550
Miscellaneous ¹	12,203	6,547	5,409	6,494	8,668	4,429	5,039	5,345	5,034	13,075
Subtotal, Expenses before Depreciation	435,819	357,775	403,235	405,991	392,334	427,956	445,871	405,901	406,096	456,693
Depreciation & Amortization of Use Rights	84,862	81,297	82,345	83,666	84,734	110,795	93,589	90,359	92,223	95,917
Total Operating Expenses	<u>\$520,681</u>	<u>\$439,072</u>	<u>\$485,580</u>	<u>\$489,657</u>	<u>\$477,068</u>	<u>\$538,751</u>	<u>\$539,460</u>	<u>\$496,260</u>	<u>\$498,319</u>	<u>\$552,610</u>

1. Miscellaneous expenses includes pollution remediation costs, tonnage, and charges for collections.

Schedule 5
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Nonoperating Revenues and Expenses
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2009-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Interest Revenue	\$73,406	\$45,632	\$35,269	\$23,940	\$16,139	\$15,727	\$17,646	\$22,561	\$25,995	\$32,459
Tax Revenue	59,328	60,493	53,197	54,770	68,435	55,211	67,962	70,121	73,029	77,371
Other Nonoperating Revenue	7,994	7,848	6,982	4,599	6,907	11,235	9,136	6,788	12,793	12,164
Interest Expense	(41,368)	(41,089)	(38,493)	(40,054)	(42,543)	(32,194)	(32,817)	(33,203)	(28,021)	(26,765)
Unrealized Gain/(Loss) on Investments	9,396	(4,139)	(4,098)	(6,546)	(19,491)	8,647	5,188	2,942	(10,176)	(26,002)
Tax and Assessment Expense	(26,729)	(24,538)	(20,731)	(21,274)	(20,899)	(14,014)	(7,050)	(7,702)	(10,956)	(10,289)
Other Nonoperating Expense	(1,535)	(8,344)	(10,159)	(5,337)	(4,312)	(5,111)	(1,974)	(2,718)	(4,051)	(8,483)
Total Operating Revenue	<u>\$80,492</u>	<u>\$35,863</u>	<u>\$21,967</u>	<u>\$10,098</u>	<u>\$4,236</u>	<u>\$39,501</u>	<u>\$58,091</u>	<u>\$58,789</u>	<u>\$58,613</u>	<u>\$50,455</u>

Schedule 6
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Cash Flows from Operating Activities										
Receipts from customers and users	\$ 492,780	\$ 516,600	\$ 562,483	\$ 529,296	\$ 565,158	\$ 534,475	\$ 544,623	\$ 547,724	\$ 569,134	\$ 587,160
Receipts for equipment rental	16,478	16,074	15,396	16,094	16,792	15,359	14,645	13,955	14,934	14,610
Payments to suppliers	(216,214)	(188,534)	(209,396)	(187,623)	(191,064)	(205,140)	(222,019)	(204,480)	(218,109)	(203,140)
Payments to employees	(182,367)	(191,919)	(188,357)	(196,690)	(195,775)	(198,736)	(200,429)	(182,087)	(203,597)	(221,399)
Payments applied to closure/postclosure liability	(8,143)	(6,254)	(6,357)	(6,567)	(5,722)	(6,960)	(6,844)	(14,964)	(12,337)	(14,358)
Payment for equipment rental within the Districts	(16,268)	(15,733)	(14,973)	(16,912)	(16,412)	(15,075)	(14,991)	(13,955)	(14,934)	(14,610)
Other payments	(42)	(38)	(34)	(19)	(19)	(19)	(19)	-	-	-
Net cash provided by operating activities	86,224	130,196	158,762	137,579	172,958	123,904	114,966	146,193	135,091	148,263
Cash Flows from Noncapital Financing Activities										
Receipts from property taxes	58,064	61,672	54,337	53,784	71,082	57,527	67,042	69,817	72,378	76,790
Other nonoperating receipts	-	-	-	-	-	-	-	-	-	5,016
Payments for tax and assessment	(28,249)	(25,298)	(21,491)	(21,649)	(20,898)	(14,827)	(7,050)	(8,442)	(10,956)	(10,289)
Net cash provided by noncapital financing activities	29,815	36,374	32,846	32,135	50,184	42,700	59,992	61,375	61,422	71,517
Cash Flows from Capital and Related Financing Activities										
Borrowings on loans	49,582	64,662	37,094	10,664	2,351	9,664	18,879	8,967	14,746	34,945
Proceeds on bond sales	19,661	-	-	151,280	-	117,460	-	172,408	192,968	-
Contract proceeds from County of Los Angeles	2,613	2,709	361	-	-	2,700	1,500	-	-	-
Bond issuance costs	(162)	-	-	(717)	-	(457)	-	(654)	(713)	-
Purchases of capital assets	(351,829)	(305,465)	(261,729)	(168,072)	(134,346)	(129,324)	(135,584)	(141,401)	(104,258)	(125,035)
Principal payments on contracts/note	-	(1,643)	(743)	(713)	(316)	(39)	(41)	(44)	(1,328)	-
Connection fees proceeds	21,966	21,908	18,105	19,453	25,918	33,291	32,713	34,354	33,803	38,382
Grant proceeds	-	2,872	39	-	195	-	-	1,458	1,492	3,671
Interest paid on capital-related debt	(41,527)	(39,179)	(36,456)	(34,710)	(35,059)	(30,904)	(30,942)	(26,346)	(22,534)	(24,482)
Payment to joint venture	(1,586)	(1,363)	-	-	-	-	-	-	-	-
Principal payments on bonds	(18,684)	(19,364)	(22,559)	(174,229)	(24,744)	(184,152)	(29,264)	(203,934)	(188,553)	(34,449)
Principal payments on loans	(24,142)	(26,933)	(27,459)	(28,270)	(31,689)	(30,580)	(31,173)	(30,100)	(79,459)	(28,255)
Payment per joint powers agreement	-	(6,250)	-	-	-	-	-	-	(1,100)	-
Proceeds from sale of assets/equipment	144	758	329	4,080	3,823	2,630	2,385	1,001	7,174	2,143
Receipts from joint venture	3,767	3,229	2,170	165	2,306	2,930	131	150	150	150
Receipts from settlement	-	-	1,508	-	-	-	-	-	-	-
Net cash used by capital and related financing activities	(340,197)	(304,059)	(289,340)	(221,069)	(191,561)	(206,781)	(171,396)	(184,141)	(147,612)	(132,930)
Cash Flows from Investing Activities										
Interest received	81,011	53,846	36,161	31,520	16,468	14,567	15,940	24,734	24,415	34,538
Purchases of investments	(468,733)	(1,630,212)	(990,755)	(1,363,978)	(1,490,217)	(466,367)	(610,933)	(1,273,001)	(782,636)	(316,412)
Proceeds from maturities of investments	352,952	1,471,080	918,392	1,160,068	1,298,975	397,566	863,262	1,353,519	555,543	325,076
Net cash provided (used) by investing activities	(34,770)	(105,286)	(36,202)	(172,390)	(174,774)	(54,234)	268,269	105,252	(202,678)	43,202
Net increase (decrease) in cash and cash equivalents	(258,928)	(242,775)	(133,934)	(223,745)	(143,193)	(94,411)	271,831	128,679	(153,777)	130,052
Cash and cash equivalents at beginning of fiscal year	1,661,103	1,402,175	1,159,400	1,025,466	801,721	658,528	564,117	835,948	964,627	810,850
Cash and cash equivalents at end of fiscal year	<u>\$ 1,402,175</u>	<u>\$ 1,159,400</u>	<u>\$ 1,025,466</u>	<u>\$ 801,721</u>	<u>\$ 658,528</u>	<u>\$ 564,117</u>	<u>\$ 835,948</u>	<u>\$ 964,627</u>	<u>\$ 810,850</u>	<u>\$ 940,902</u>

Schedule 7
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Annual Capital Contribution by Source
Last Ten Fiscal Years
(\$ thousands)

<u>Fiscal Year</u>	<u>Connection Fees</u>	<u>Grants</u>	<u>Donated Property</u>	<u>Total</u>
2008-09	\$ 21,966	\$ -	\$ -	\$ 21,966
2009-10	21,908	2,872	-	24,780
2010-11	18,105	39	-	18,144
2011-12	19,453	-	-	19,453
2012-13	25,918	195	-	26,113
2013-14	33,290	-	5,552	38,842
2014-15	30,942	-	-	30,942
2015-16	34,354	1,446	-	35,800
2016-17	34,804	1,481	-	36,285
2017-18	37,852	3,672	-	41,524

Schedule 8
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Charge Rates (\$ per Single-Family Home per Year)
Last Ten Fiscal Years

District ¹	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	\$126.00	\$138.00	\$152.00	\$154.00	\$156.00	\$158.00	\$163.00	\$168.00	\$173.00	\$178.00
2	121.00	133.00	147.00	148.00	149.00	150.00	155.00	160.00	165.00	169.00
3	122.00	134.00	148.00	150.00	152.00	154.00	157.00	160.00	163.00	166.00
4	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
5	108.00	118.00	130.00	132.00	134.00	136.00	141.00	146.00	151.00	155.00
8	109.00	121.00	135.00	139.00	143.00	147.00	154.00	163.00	174.00	180.00
9	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
14	260.00	310.00	360.00	360.00	448.00	472.00	496.00	476.00	476.00	476.00
15	110.00	119.00	130.00	132.00	134.00	136.00	141.00	146.00	151.00	154.00
16	113.00	122.00	133.00	135.00	137.00	139.00	142.00	145.00	148.00	151.00
17	114.00	123.00	134.00	136.00	138.00	140.00	143.00	146.00	149.00	152.00
18	122.00	134.00	148.00	149.00	150.00	151.00	156.00	161.00	166.00	170.00
19	120.00	132.00	146.00	148.00	150.00	152.00	155.00	158.00	161.00	164.00
20	271.00	326.00	381.00	429.00	477.00	525.00	535.00	550.00	565.00	565.00
21	119.00	131.00	145.00	146.00	147.00	148.00	153.00	158.00	163.00	167.00
22	121.00	131.00	143.00	145.00	147.00	149.00	152.00	155.00	158.00	162.00
23	92.00	101.00	112.00	114.00	116.00	118.00	120.00	122.00	124.00	126.00
28 ²	315.00	324.00	335.00	336.00	337.00	338.00	340.00	342.00	242.00	-
28 ²	107.00	116.00	127.00	128.00	129.00	130.00	132.00	134.00	136.00	138.00
29	261.75	321.75	327.75	333.75	339.75	339.75	339.75	339.75	339.75	339.75
SBC	99.00	108.00	119.00	120.00	121.00	122.00	124.00	126.00	128.00	130.00
SCV	179.00	199.00	199.00	215.00	231.00	247.00	267.00	287.00	307.00	328.00
Average	128.61	142.31	156.76	160.28	166.70	170.90	176.93	181.55	186.49	190.67

1. District No. 27 has not levied a service charge as its other revenues have been sufficient to meet its expenses.
2. District No. 28 has historically had two service charge rates, one for those directly connected to the La Cañada WRP Outfall Trunk Sewer or the Foothill Main Trunk Sewer or directly tributary to the La Cañada WRP, and the other for those within a La Cañada Flintridge Sewer Assessment District. Because the two SRF loans associated with the Trunk Sewers have been retired, two rates are no longer necessary (beginning in fiscal year 2017-18).

Schedule 9
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Residential/Commercial (Service Charge) Sewage Units
Last Ten Fiscal Years

District	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	142,916	143,577	142,747	142,853	143,258	143,429	144,702	144,833	144,635	145,348
2	215,916	215,348	214,597	214,923	215,551	215,730	217,082	217,943	219,329	218,035
3	179,758	179,295	178,736	180,446	179,597	176,037	177,585	180,568	181,192	180,611
4	22,692	22,643	22,675	22,767	23,778	23,830	24,556	24,844	25,619	26,097
5	267,927	266,577	267,358	267,878	268,676	262,048	266,716	267,707	272,623	271,544
8	60,556	61,652	60,059	60,029	59,831	58,296	59,108	59,017	60,103	59,629
9	917	909	911	1,254	1,273	1,216	1,015	1,017	1,101	1,071
14	66,216	66,803	67,362	67,880	66,680	65,615	67,130	67,793	67,176	67,491
15	188,796	187,478	186,848	187,229	186,714	183,592	187,253	187,112	190,227	189,227
16	113,412	113,124	113,225	114,751	113,741	109,897	112,893	112,929	115,410	116,067
17	15,634	15,485	14,958	14,926	15,064	14,511	14,629	14,656	15,012	15,104
18	125,216	123,601	123,578	123,789	121,399	121,021	121,371	121,923	122,694	122,251
19	37,658	37,140	37,103	37,335	37,761	37,247	37,269	38,159	37,976	40,643
20	42,156	42,079	42,082	42,658	42,854	42,094	43,010	43,297	42,997	42,336
21	151,966	150,530	150,858	151,244	149,715	148,776	149,972	150,812	154,451	151,998
22	125,271	124,263	124,500	125,206	125,193	123,768	124,183	125,283	126,972	124,223
23	3,127	3,298	3,220	3,308	3,270	3,271	3,198	3,285	3,264	3,100
27	558	558	558	558	558	558	558	558	558	551
28	4,798	4,816	4,842	4,414	4,492	4,462	4,703	4,670	4,779	4,750
29	5,454	5,411	5,349	5,430	5,515	5,144	5,380	5,408	5,797	5,756
SBC	53,537	50,584	50,314	50,631	50,864	50,504	50,920	51,616	50,441	51,483
SCV	91,232	89,207	91,265	93,234	93,494	92,432	91,749	92,849	95,256	94,964
Total	1,915,713	1,904,378	1,903,145	1,912,743	1,909,278	1,883,478	1,904,982	1,916,279	1,937,612	1,932,279

Schedule 10
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Industrial Wastewater Treatment Surcharge Rates
Last Ten Fiscal Years

District	Unit Rate	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
JO	(a) \$/MGD	\$ 619.00	\$ 677.00	\$ 746.00	\$ 755.00	\$ 764.00	\$ 773.00	\$ 796.00	\$ 819.00	\$ 843.00	\$ 863.00
	(b) \$/1,000 lbs. COD	109.40	119.70	131.90	133.50	135.10	136.70	140.80	144.90	149.00	152.50
	(c) \$/1,000 lbs. SS	309.20	338.30	372.70	377.40	382.10	386.70	398.30	409.90	421.50	431.40
	(d) \$/GPM (Peak)	82.10	89.80	98.90	100.10	101.30	102.50	105.60	108.70	111.70	114.30
	Flat Rate (\$/MG)	2,624.00	2,871.00	3,163.00	3,203.00	3,243.00	3,282.00	3,380.00	3,479.00	3,577.00	3,661.00
4	(a) \$/MGD	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00
	(b) \$/1,000 lbs. COD	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20
	(c) \$/1,000 lbs. SS	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30
	(d) \$/GPM (Peak)	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60
	Flat Rate (\$/MG)	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00
14	(a) \$/MGD	1,722.00	2,053.00	2,384.00	2,384.00	2,967.00	3,126.00	3,285.00	3,153.00	3,153.00	3,153.00
	(b) \$/1,000 lbs. COD	193.80	231.10	268.40	268.40	334.00	351.90	369.80	354.90	354.90	354.90
	(c) \$/1,000 lbs. SS	468.00	558.00	648.00	648.00	806.40	849.60	892.80	856.60	856.60	856.80
	(d) \$/GPM (Peak)	331.20	394.90	458.60	458.60	570.70	601.30	631.80	606.50	606.50	606.50
	Flat Rate (\$/MG)	3,831.00	4,568.00	5,305.00	5,305.00	6,602.00	6,955.00	7,309.00	7,015.00	7,015.00	7,015.00
20	(a) \$/MGD	1,237.00	1,488.00	1,739.00	1,958.00	2,177.00	2,396.00	2,442.00	2,511.00	2,579.00	2,579.00
	(b) \$/1,000 lbs. COD	275.90	331.90	387.90	436.80	485.60	534.50	544.70	559.90	575.20	575.20
	(c) \$/1,000 lbs. SS	554.30	666.80	779.30	877.50	975.70	1,073.80	1,094.30	1,125.00	1,155.00	1,155.60
	(d) \$/GPM (Peak)	263.70	317.20	370.70	417.40	464.10	510.80	520.50	535.00	549.70	549.70
	Flat Rate (\$/MG)	3,936.00	4,735.00	5,534.00	6,231.00	6,928.00	7,626.00	7,771.00	7,989.00	8,206.00	8,206.00
SCV	(a) \$/MGD	688.00	765.00	765.00	861.00	903.00	946.00	1,023.00	1,099.00	1,176.00	1,256.00
	(b) \$/1,000 lbs. COD	156.70	174.20	174.20	196.10	205.70	215.30	233.10	250.50	268.00	286.30
	(c) \$/1,000 lbs. SS	385.50	438.60	428.60	482.40	506.10	529.80	572.70	615.60	658.50	703.50
	(d) \$/GPM (Peak)	97.30	108.20	108.20	121.80	127.80	133.80	144.60	155.50	166.30	177.70
	Flat Rate (\$/MG)	2,331.00	2,591.00	2,591.00	2,917.00	3,060.00	3,203.00	3,462.00	3,722.00	3,981.00	4,253.00

Notes: JO = Joint Outfall Districts, consisting of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34 and South Bay Cities.
SCV = Santa Clarita Valley Sanitation District.
Flat rate charge is only applicable to industrial dischargers whose yearly flow does not exceed 6 million gallons.
Abbreviations: MGD (million gallons per day), COD (chemical oxygen demand), SS (suspended solids), GPM (gallons per minute of peak flow), MG (million gallons)

Schedule 11
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Industrial Wastewater Sewage Units
Last Ten Fiscal Years

District ¹	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	23,517	23,747	20,903	20,462	22,183	25,787	23,900	25,022	23,441	23,067
2	39,457	36,960	37,294	34,556	33,744	32,381	32,927	34,572	35,338	35,359
3	17,607	14,786	14,399	16,102	17,189	17,752	17,894	15,267	13,360	14,553
4	182	183	102	167	129	138	169	133	98	183
5	25,213	27,006	32,201	32,654	27,601	26,983	23,739	19,660	21,055	20,905
8	51,351	47,818	45,235	41,933	43,378	47,720	45,181	41,467	39,842	37,337
14	2,454	2,400	2,305	2,358	2,507	2,605	2,485	2,066	2,357	2,308
15	22,475	23,958	23,806	21,522	22,381	24,572	22,428	19,395	22,193	20,902
16	2,389	1,379	1,296	1,336	1,476	1,576	1,594	1,706	1,612	1,663
18	15,126	16,122	15,190	14,904	16,452	15,029	13,950	13,173	14,428	14,260
19	787	920	914	918	975	745	334	468	565	214
20	223	206	348	281	289	292	232	267	253	255
21	18,016	18,498	17,445	15,585	14,703	15,664	17,152	14,901	15,933	18,144
22	15,221	14,899	16,980	15,649	13,871	10,928	12,466	15,361	15,120	12,643
23	19,283	17,516	17,053	16,515	15,743	14,260	14,846	15,462	15,090	15,696
29	327	238	238	281	247	224	250	257	248	306
SBC	588	542	592	589	528	452	384	165	150	96
SCV	1,165	1,179	1,077	1,253	1,121	1,074	1,169	1,071	1,018	1,110
Contract ²	21,791	21,578	19,034	17,303	18,533	20,798	23,471	19,612	20,988	24,951
Total	277,172	269,935	266,412	254,368	253,050	258,980	254,571	240,025	243,089	243,952

1. Districts Nos. 9, 17, 27, and 28 do not have any industrial dischargers.
2. Industrial dischargers located outside of the Districts' jurisdictional boundaries but for which the Districts provide service.

Schedule 12
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Municipal Solid Waste Rates¹
Last Ten Fiscal Years

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Puente Hills Landfill	\$33.86 ²	\$38.26 ⁴	\$38.26	\$38.41 ⁷	\$38.41	\$0.00	\$0.00	\$0.00	\$0.00 ¹²	\$0.00
Puente Hills MRF	33.86 ²	38.26 ⁴	42.14 ⁶	42.44 ⁷	42.44	45.75 ⁹	49.25 ¹⁰	55.50 ¹¹	58.40 ¹²	61.40 ¹³
South Gate Transfer Station	45.98 ²	50.38 ⁴	50.38	50.68 ⁷	51.91 ⁸	51.91	53.91 ¹⁰	58.66 ¹¹	63.16 ¹²	66.16 ¹³
DART Facility	49.75 ²	54.15 ⁴	54.14	54.45 ⁷	54.45	47.14 ⁹	53.64 ¹⁰	58.39 ¹¹	62.49 ¹²	65.49 ¹³
Scholl Canyon Landfill	44.83 ³	48.09 ⁵	48.99	49.18 ⁷	49.18	49.18	49.18	49.18	53.83 ¹²	53.83
Calabasas Landfill	38.88 ²	40.82 ⁴	40.82	40.82	40.82	40.82	43.32 ¹⁰	47.32 ¹¹	53.32 ¹²	53.32

1. \$ per Ton
2. Effective January 1, 2009
3. Effective January 9, 2009
4. Effective January 1, 2010
5. Effective February 12, 2010
6. Effective January 1, 2011
7. Effective January 1, 2012
8. Effective February 1, 2013
9. Effective November 1, 2013
10. Effective January 1, 2015
11. Effective January 1, 2016
12. Effective August 1, 2017
13. Effective July 1, 2018

Schedule 13
 SANITATION DISTRICTS OF LOS ANGELES COUNTY
 Solid Waste Disposal Tonnages¹
 Last Ten Fiscal Years

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Puente Hills Landfill	2.79	2.34	1.66	1.80	2.19	0.74	0.00	0.00	0.00	0.00
Puente Hills MRF	0.10	0.12	0.07	0.02	0.04	0.55	0.73	0.73	0.63	0.70
South Gate Transfer Station	0.14	0.12	0.11	0.10	0.11	0.11	0.11	0.14	0.15	0.14
DART Facility	0.21	0.16	0.16	0.13	0.08	0.13	0.14	0.16	0.20	0.27
Scholl Canyon Landfill	0.29	0.25	0.23	0.23	0.21	0.23	0.24	0.33	0.38	0.40
Calabasas Landfill	<u>0.30</u>	<u>0.27</u>	<u>0.26</u>	<u>0.21</u>	<u>0.19</u>	<u>0.24</u>	<u>0.23</u>	<u>0.31</u>	<u>0.35</u>	<u>0.29</u>
Total	3.83	3.26	2.49	2.49	2.82	2.00	1.45	1.67	1.71	1.80

1. Million Tons per Year

Schedule 14

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Ten Largest Customers
Fiscal Years 2008-09 and 2017-18

Fiscal Year 2008-09

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
Athens Disposal	\$ 21,022,769	15.35%	Exxon Mobil Oil Corp.	\$ 2,879,619	1.00%
County Sanitation Districts	9,901,262	7.23%	BP West Coast Products	2,581,912	0.90%
Valley Vista Services	7,163,049	5.23%	Tesoro Refining	1,918,028	0.67%
Calmet/Calsan	7,156,062	5.23%	Inland Empire Utilities Agency	1,429,919	0.50%
Waste Management	5,323,949	3.89%	Conoco Phillips Co.	1,395,774	0.49%
Universal Waste Systems	4,221,346	3.08%	Clougherty Packing Co.	1,313,370	0.46%
United Pacific Waste	3,964,073	2.90%	Miller Coors LLC	1,287,405	0.45%
City of Glendale	3,419,039	2.50%	General Mills Operations	954,049	0.33%
Santa Monica Solid Waste	3,323,121	2.43%	Alta-Dena Certified Dairy	921,158	0.32%
Key Disposal	3,013,010	2.20%	California State Prison	792,822	0.28%
Subtotal (10 largest)	68,507,680	50.04%	Subtotal (10 largest)	15,474,056	5.40%
Balance from Other Customers	68,409,282	49.96%	Balance from Other Customers	271,137,066	94.60%
Grand Total	\$ 136,916,962	100.00%	Grand Total	\$ 286,611,122	100.00%

Fiscal Year 2017-18

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
NASA Disposal Service, Inc.	\$1,803,867	1.69%	Inland Empire Utilities Agency	\$5,858,303	1.35%
Calmet Services	1,127,565	1.05%	Torrance Refining Co, LLC	3,420,341	0.79%
Ware Disposal Co.	858,699	0.80%	Tesoro Refining - Carson	2,805,380	0.65%
City of Glendale	833,908	0.78%	Tesoro Refining - Wilmington	2,065,430	0.48%
United Pacific Waste	708,181	0.66%	Miller Coors LLC	1,944,220	0.45%
City of Pasadena	509,990	0.48%	DeMenno/Kerdoon	1,827,387	0.42%
Commercial Waste Services	488,262	0.46%	Phillips 66 Company	1,467,094	0.34%
Miranda Logistics Enterprise	420,405	0.39%	California State Prison	1,321,283	0.31%
Athens Disposal	415,512	0.39%	Alta-Dena Certified Dairy	1,318,421	0.30%
CR&R	385,669	0.39%	Clougherty Packing Co.	1,283,707	0.30%
Subtotal (10 largest)	7,551,978	7.06%	Subtotal (10 largest)	23,311,566	5.39%
Balance from Other Customers	99,481,790	92.94%	Balance from Other Customers	409,185,411	94.61%
Grand Total	\$107,033,768	100.00%	Grand Total	\$432,496,977	100.00%

Schedule 15
SANITATION DISTRICTS OF LOS ANGELES COUNTY

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(\$ thousands, except Per Capita)

Fiscal Year	Revenue Bonds	Notes/ Contracts	State Revolving Fund Loans	Total		
				Amount	Per Capita ¹	As a Share of Per Capita Income
2008-09	\$ 727,541	\$ 30,019	\$ 371,496	\$ 1,129,056	\$ 197.53	0.52%
2009-10	705,686	32,670	411,581	1,149,937	200.58	0.52%
2010-11	681,028	1,522	423,604	1,106,154	203.15	0.48%
2011-12	654,476	1,978	411,971	1,068,425	195.97	0.45%
2012-13	627,099	1,663	388,237	1,016,999	185.25	0.41%
2013-14	556,668	1,414	369,712	927,794	167.71	0.35%
2014-15	539,029	1,373	359,810	900,212	161.59	0.32%
2015-16	501,426	1,328	341,068	843,822	150.52	0.28%
2016-17	506,655	-	278,746	785,401	140.33	0.25%
2017-18	465,551	-	289,500	755,051	134.52	0.23%

1. Using populations provided by the California Department of Finance

Schedule 16
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Wastewater Pledged-Revenue Coverage
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Sources ⁽¹⁾										
Ad Valorem Tax	\$59,328	\$60,493	\$53,197	\$54,770	\$68,435	\$55,210	\$67,963	\$70,121	\$73,029	\$77,370
CIF ⁽²⁾	13,483	14,889	15,734	15,667	14,996	12,664	12,627	10,489	9,987	7,318
Service Charge	237,218	268,268	297,494	295,831	318,034	312,889	331,260	335,524	353,962	365,437
Industrial Waste	49,394	54,305	59,508	57,861	56,998	58,091	63,505	64,477	64,356	67,060
Contract	16,822	17,925	43,569	23,982	24,615	23,367	21,759	14,063	15,224	16,895
Interest	39,919	21,170	17,608	11,512	7,679	7,513	9,343	13,078	14,265	18,478
Rate Stabilization Fund ⁽³⁾	7,742	8,822	-	-	1,488	14,161	-	7,923	3,946	-
Miscellaneous	3,305	3,906	3,642	3,390	3,486	4,345	4,616	1,075	518	2,194
Total	427,211	449,778	490,752	463,013	495,731	488,240	511,073	516,750	535,287	554,752
Expenses ⁽⁴⁾										
Total O&M	286,517	270,723	275,663	284,926	287,411	303,506	298,081	307,980	304,998	314,989
Rate Stabilization Fund ⁽³⁾	19,947	36,735	68,630	31,839	56,593	12,921	41,328	14,701	27,057	75,407
Total	306,464	307,458	344,293	316,765	344,004	316,427	339,409	322,681	332,055	390,396
Net Revenues	120,747	142,320	146,459	146,248	151,727	171,813	171,664	194,069	203,232	164,356
Debt Service										
State Loans	30,530	30,669	30,843	31,660	36,633	36,535	36,747	35,416	32,162	32,060
Installment Payments	51,226	51,212	53,557	53,075	52,826	52,793	52,530	51,390	49,757	53,643
Total Debt Service	81,756	81,881	84,400	84,735	89,459	89,328	89,277	86,806	81,919	85,703
Coverage	1.5	1.7	1.7	1.7	1.7	1.9	1.9	2.2	2.5	1.9

- Each District is obligated to make its Installment Payments from its allocable portion of Ad Valorem Property Tax and, to the extent that its Ad Valorem Taxes are insufficient, from the Net Revenues of its Sewerage System.
- Connection fees for some Districts have been included because they are pledged for repayment of State Loans that were used to fund expansion-related projects.
- Rate Stabilization funds are monies previously set aside (revenue) or monies being set aside (expenses) to mitigate the impact on Districts' ratepayers. It may appear contradictory that, in some years, monies are both being set aside and used; this is because some Districts are utilizing their rate Stabilization Fund while other Districts are putting monies into their Rate Stabilization Fund.
- Does not include depreciation.

Schedule 17
SANITATION DISTRICTS OF LOS ANGELES COUNTY
 Demographic and Economic Statistics
 Last Ten Fiscal Years

July 1	Districts' Population ¹ (millions)	L.A. County Population ² (millions)	Personal Income ² (\$ millions)	Per Capita Personal Income (\$ thousands)	Unemployment Rate ³	
					County	State
2008-09	5.716	10.393	\$ 392,000	\$ 37.72	11.7%	11.3%
2009-10	5.733	10.441	405,000	38.79	12.3%	12.0%
2010-11	5.445	9.858	420,900	42.70	12.4%	12.0%
2011-12	5.452	9.912	435,300	43.92	11.1%	10.6%
2012-13	5.490	10.019	451,100	45.02	10.2%	9.2%
2013-14	5.532	10.069	487,900	48.46	8.3%	7.5%
2014-15	5.571	10.192	521,900	51.21	6.8%	6.3%
2015-16	5.606	10.240	557,382	54.43	5.3%	5.6%
2016-17	5.597	10.278	585,515	56.97	4.8%	4.8%
2017-18	5.613	10.328	602,632	58.35	4.8%	4.5%

1. State of California, Department of Finance, E-1 Population Estimates for Cities Counties, and the State, with Annual Percentage Change –January 1, 2017 and 2018. See Schedule 18 of this CAFR for details.
2. Los Angeles County Economic Development Corporation, Economic Forecast & Industry Outlook 2018-19. All numbers are as of the year they were initially reported and do not necessarily reflect subsequent revisions.
3. U.S Bureau of Labor Statistics

Schedule 18

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Estimated Population of Cities and Unincorporated Areas
Within the Sanitation Districts' Boundaries
January 1, 2018

CITY	POPULATION	CITY	POPULATION
Alhambra	86,665	Lomita	20,715
Arcadia	57,639	Long Beach	478,127
Artesia	16,785	Los Angeles	156,350
Azusa	49,894	Lynwood	72,015
Baldwin Park	76,708	Manhattan Beach	35,991
Bell	36,325	Maywood	28,044
Bell Gardens	43,051	Monrovia	38,779
Bellflower	77,682	Montebello	64,327
Beverly Hills	776	Monterey Park	62,240
Bradbury	444	Norwalk	107,412
Carson	93,799	Palmdale	156,583
Cerritos	50,058	Palos Verdes Estates	13,519
Claremont	36,159	Paramount	56,000
Commerce	13,067	Pasadena	144,369
Compton	99,872	Pico Rivera	64,260
Covina	48,760	Pomona	154,002
Cudahy	24,343	Rancho Palos Verdes	42,723
Culver City	0	Redondo Beach	68,677
Diamond Bar	57,018	Rolling Hills	1,939
Downey	114,146	Rolling Hills Estates	8,111
Duarte	21,671	Rosemead	55,267
El Monte	117,204	San Dimas	34,289
Gardenia	61,246	San Gabriel	40,920
Glendora	51,900	San Marino	13,272
Hawaiian Gardens	14,666	Santa Clarita	211,740
Hawthorne	88,772	Santa Fe Springs	18,335
Hermosa Beach	19,673	Sierra Madre	10,980
Huntington Park	59,473	Signal Hill	11,749
Industry	437	South El Monte	20,882
Inglewood	113,559	South Gate	98,133
Irwindale	1,450	South Pasadena	26,047
La Canada-Flintridge	19,187	Temple City	36,411
La Habra Heights	369	Torrance	149,245
La Mirada	49,590	Vernon	209
La Puente	40,307	Walnut	30,454
La Verne	33,184	West Covina	108,014
Lakewood	81,176	West Hollywood	36,723
Lancaster	158,553	Whittier	87,369
Lawndale	33,607		
		77 Cities Subtotal	4,713,437
		Unincorporated	899,755
		TOTAL	5,613,192

Source: State of California, Department of Finance E-1 Population Estimates of Cities, Counties, and the State (May 2018). Data was parsed to the various Districts using a number of GIS layers prepared by both the Sanitation Districts and the Los Angeles County Department of Public Works

Schedule 19
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Economic Indicators
Last Ten Fiscal Years

Calendar Year	Total Nonfarm Employment (avg. 000's)	Total Taxable Sales (billions)	Value of Two-Way Trade* (billions)	Total Day & Overnight Visitors (millions)	Housing Unit Permits Issued	Median Home Price
2008-09	3,951.0	\$ 112.7	\$ 282.9	34.4	5,653	\$ 306,000
2009-10	3,890.0	116.9	346.8	38.5	7,468	336,000
2010-11	3,911.6	126.4	386.7	40.4	10,403	316,469
2011-12	4,034.9	135.3	403.5	41.4	10,709	330,463
2012-13	4,111.7	140.1	414.5	42.2	16,200	412,795
2013-14	4,188.7	147.1	416.6	44.2	18,707	456,677
2014-15	4,281.5	151.4	393.4	45.6	22,831	490,083
2015-16	4,390.4	159.8	393.7	47.3	20,213	519,300
2016-17	4,447.3	170.6	431.4	48.3	22,010	560,858
2017-18	4,495.1	N/A	N/A	N/A	23,061	592,094

Sources: Los Angeles County Economic Development Corp., Port of Los Angeles Trade Connect, Zillow, and Los Angeles Department of Convention and Tourism Development

* Value of imports and exports combined.

Schedule 20
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Los Angeles County Employment Sectors
Current Year and Nine Years Ago

Industry	June 2009			June 2018		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
Trade, Transportation, and Utilities	738,500	17.02%	1	828,400	16.93%	1
Educational and Health Services	666,700	15.37%	2	804,800	16.45%	2
Professional and Business Services	515,400	11.88%	4	629,100	12.86%	3
Government	612,700	14.12%	3	594,400	12.15%	4
Leisure and Hospitality	390,700	9.01%	6	552,200	11.29%	5
Manufacturing	397,300	9.16%	5	350,400	7.16%	6
Financial Activities	218,400	5.03%	7	222,200	4.54%	7
Information Services	192,100	4.43%	8	211,900	4.33%	8
Other Services	139,700	3.22%	9	155,300	3.17%	9
Construction	117,600	2.71%	10	144,300	2.95%	10
Agriculture	6,400	0.15%	11	6,500	0.13%	11
Mining and Logging	3,000	0.07%	12	2,200	0.04%	12
Total All Industrial Sectors	3,998,500	92.17%		4,501,700	92.00%	
Self/Other Employment	339,800	7.83%		391,200	8.00%	
Total Civilian Employment	4,338,300	100.00%		4,892,900	100.00%	

Source: State of California, Employment Development Department. Labor Market Information Division

Schedule 21

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Numbers of Employees by Identifiable Activity
Last Ten Fiscal Years

Full-Time-Equivalent Employees as of June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Solid Waste Management:										
Solid Waste Management	2	2	2	2	3	2	2	2	2	3
Solid Waste Operations	309	286	249	222	211	209	183	190	199	207
Energy Recovery Operations	159	153	150	137	114	116	112	102	101	94
Wastewater Management:										
Wastewater Management	9	8	7	7	3	3	3	3	2	2
Industrial Waste	76	70	71	70	67	66	66	63	64	62
Joint Water Pollution Control Plant	328	321	307	310	302	297	296	293	285	293
Wastewater Collection System	133	132	130	125	124	130	129	129	126	126
Water Reclamation Plants	208	205	220	219	219	224	223	234	240	246
E/I Engineering Support	0	0	0	0	4	6	8	8	8	8
Engineering:										
Engineering	5	5	6	6	6	6	7	7	7	5
Field Engineering	82	78	78	73	66	61	56	53	53	51
Wastewater & Solid Waste Design	36	35	32	61	34	29	27	22	21	36
Structural & Architectural Design	21	19	19	17	17	16	17	16	17	17
Electrical & Instrumentation Design	22	22	21	22	20	20	21	23	23	22
Mechanical & Civil Design	56	54	46	150	14	12	12	14	13	0
Sewer Design	0	0	0	0	23	24	23	22	25	25
Technical Services:										
Technical Services	5	5	5	5	5	14	14	15	13	23
Air Quality Engineering	13	12	12	12	9	9	11	9	9	9
Laboratories	181	175	173	175	167	163	157	170	159	160
Monitoring	49	45	29	28	25	26	29	33	39	44
Wastewater Research	26	26	25	24	11	11	11	11	18	12
Water Quality	20	19	34	31	26	27	29	15	16	13
Administration:										
Administration	9	9	9	9	9	9	9	9	9	9
Financial Mgmt. & Facilities Plan.	226	218	220	215	200	193	187	183	185	184
Human Resources	39	38	33	31	31	22	21	21	22	23
Total Employees:	2,014	1,937	1,878	1,816	1,721	1,706	1,663	1,656	1,656	1,674

Schedule 22

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Operating and Capital Indicators
Last Ten Fiscal Years

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sewerage Operations:										
Miles of Trunk Lines	1,360	1,395	1,407	1,408	1,410	1,410	1,411	1,412	1,410	1,409
Number of Active Pump Stations	53	52	52	52	49	49	48	48	48	48
Number of Treatment Facilities	11	11	11	11	11	11	11	11	11	11
Reclaimed Water Used (MGD ¹)	70	87	75	85	93	91	79	90	96	93
Number of Reuse Sites	571	624	650	703	720	757	790	855	863	892
WW Discharge Inspections	10,609	10,107	9,255	9,836	10,633	11,070	10,769	11,516	11,162	11,661
Solid Waste Operations:										
Number of Active Landfills	3	3	3	3	3	2	2	2	2	2
Solid Waste Disposal Tonnages ²										
Puente Hills Landfill	2.79	2.34	1.66	1.80	2.19	0.74	0.00	0.00	0.00	0.00
Puente Hills MRF	0.10	0.12	0.07	0.02	0.04	0.55	0.73	0.73	0.63	0.70
South Gate Transfer Station	0.14	0.12	0.11	0.10	0.11	0.11	0.11	0.14	0.15	0.14
DART Facility	0.21	0.16	0.16	0.13	0.08	0.13	0.14	0.16	0.20	0.27
Scholl Canyon Landfill	0.29	0.25	0.23	0.23	0.21	0.23	0.24	0.33	0.38	0.40
Calabasas Landfill	0.30	0.27	0.26	0.21	0.19	0.24	0.23	0.31	0.35	0.29
Total	3.83	3.26	2.49	2.49	2.82	2.00	1.45	1.67	1.71	1.80
Cumulative Tonnages ²										
Puente Hills Landfill	115.31	117.65	119.31	121.11	123.30	124.04	124.04	124.04	124.04	124.04
Puente Hills MRF	0.37	0.49	0.56	0.58	0.62	1.17	1.90	2.63	3.26	3.96
South Gate Transfer Station	5.42	5.54	5.65	5.75	5.86	5.97	6.08	6.22	6.37	6.51
DART Facility	2.83	2.99	3.15	3.28	3.36	3.49	3.63	3.79	3.99	4.26
Scholl Canyon Landfill	27.74	27.99	28.22	28.45	28.66	28.89	29.13	29.46	29.84	30.24
Calabasas Landfill	23.13	23.40	23.66	23.87	24.06	24.30	24.53	24.76	25.11	25.40
Percentage of County Total	35%	31%	31%	33%	37%	24%	7%	11%	12%	11%
Household Hazardous Waste/Electronic Waste (HHW/EW)										
Households	62,792	60,726	57,677	57,891	52,850	50,056	51,054	43,705	49,516	56,809
Cost (\$ millions)	\$4.2	\$4.0	\$3.8	\$3.9	\$3.6	\$3.7	\$3.5	\$3.2	\$3.5	\$4.0

1. Million Gallons per Day

2. Million Tons per Year

Anaerobic Digester

Food waste is co-digested with biosolids from the wastewater treatment process to produce a biogas, mainly natural gas.



SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure June 30, 2018

On April 14, 1993, various Districts of the Los Angeles County Sanitation Districts (Participating Districts) entered into a Joint Exercise of Powers Agreement to form the Los Angeles County Sanitation Districts Financing Authority. The Financing Authority is governed by a Commission that consists of the Chairperson from each Participating District. The Financing Authority was formed to assist the Participating Districts in the planning, financing, development, acquisition, construction, operation, and maintenance of projects relating to the Participating Districts' wastewater management system.

The Financing Authority has no daily operations and does not conduct business on its own behalf. Since the Financing Authority's governing body is entirely comprised of members of the Districts' Boards and the Financing Authority provides services entirely for the Districts, the financial activities of the Financing Authority have been consolidated with the Districts' financial activities for financial reporting purposes.

This Bond Disclosure Section serves as the annual report required by the Continuing Disclosure Agreements (Disclosure Agreements) for the following Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds: the 2011 Series A Senior Ad Valorem Obligation Bonds (2011A Revenue Bonds), the 2013 Series A Senior Ad Valorem Obligation Bonds (2013A Revenue Bonds), the 2015 Series A District 14 Subordinate Revenue Bonds (2015A Revenue Bonds), and the 2016 Series A District 20 Revenue Bonds (2016A Revenue Bonds). The material provided under the Disclosure Agreements is intended to comply with the requirements of the Securities and Exchange Commission Rule 15c2-12(b)(5) (the Rule). Because the Districts' Comprehensive Annual Financial Report (CAFR) includes all of the information required by the Disclosure Agreements, the CAFR will be filed with each National Repository specified in the Rule and with any other repository identified in the future in lieu of filing a separate annual report.

REPORTING OF SIGNIFICANT EVENTS

As of December 2018, there are no significant events to report.

ANNUAL REPORT

The annual report contains the following sections as required by the Disclosure Agreements:

- 1) The Financing Authority's audited financial statements, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.
- 2) The audited consolidated financial statements for the Districts, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.
- 3) The principal amount of bonds outstanding as of December 31, 2018, and as of December 31, 2017.
- 4) A schedule of the changes in debt obligation for the calendar year ending on December 31, 2018.
- 5) The amount of each senior obligation and subordinate obligation for each district outstanding as of December 31, 2018.
- 6) An update, for the most recently ended fiscal year, of the following information contained in the Official Statements (not including any projections):
 - a. Connection fee revenue for Districts Nos. 14 and 20;
 - b. Estimated sewage units by customer type;

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

- c. User fees and ad valorem taxes;
- d. Districts' service charge rates;
- e. Fund balances on June 30, 2018;
- f. Average yearly sewage flow;
- g. Ten largest wastewater customers for Districts Nos. 14 and 20; ten largest wastewater customers for all Districts is fulfilled by Schedule 14 in the Statistical Section of this financial statement;
- h. Outstanding obligations as of December 31, 2017 and December 31, 2018;
- i. Districts' historical operating data.

SECTION 1-Financing Authority's Audited Financial Statements

Statement of Net Position June 30, 2018

Assets:

Cash and cash equivalents with Trustee, restricted as to use	\$ 3,858
Payments receivable from Participating Districts	454,447,135
Total assets	<u>454,450,993</u>

Deferred Outflow of Resources:

Deferred loss on refunding, net of accumulated amortization of \$12,026,940	<u>11,100,350</u>
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Liabilities:

Current liabilities, payable from restricted assets:

Interest payable	5,029,890
Current portion of bonds payable	35,909,400
Total current liabilities, payable from restricted assets	<u>40,939,290</u>

Long-term liabilities:

Premium on issue, net of accumulated amortization of \$35,646,821	40,028,746
Revenue bonds payable	389,613,195
Total long-term liabilities	<u>429,641,941</u>
Total liabilities	<u>470,581,231</u>

Net Position:

Unrestricted	<u>(5,029,888)</u>
Total net position	<u>\$ (5,029,888)</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Statement of Revenues, Expenses, and Changes in Net Position Fiscal year ended June 30, 2018

Operating revenues-payments from Participating Districts	\$ <u>20,674,940</u>
Nonoperating revenues (expenses):	
Interest revenue	231
Interest expense	(20,314,851)
Drawdown expense	(4,661,224)
Amortization of deferred loss on refunding	(1,993,016)
Amortization of bond premium	<u>6,654,240</u>
Net nonoperating expenses	<u>(20,314,620)</u>
Change in net position	360,320
Total net position, beginning of fiscal year	<u>(5,390,208)</u>
Net position, end of year	\$ <u><u>(5,029,888)</u></u>

Statement of Cash Flows Fiscal year ended June 30, 2018

Cash flows from operating activities:	
Receipts from Participating Districts	\$ <u>20,674,940</u>
Cash flows from capital and related financing activities:	
Receipts from Participating Districts	34,449,400
Principal payments on bonds	(34,449,400)
Interest paid on bonds	<u>(20,674,940)</u>
Net cash used by capital and related financing activities	<u>(20,674,940)</u>
Cash flows from investing activities:	
Interest received on investments	<u>3,469</u>
Net cash provided by investing activities	<u>3,469</u>
Net increase in cash and cash equivalents, restricted as to use	3,469
Cash and cash equivalents, beginning of fiscal year, restricted as to use	<u>389</u>
Cash and cash equivalents, end of fiscal year, restricted as to use	\$ <u><u>3,858</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 20,674,940
Net cash provided by operating activities	\$ <u><u>20,674,940</u></u>

Supplemental disclosure of noncash items:

Amortization of premium on revenue bonds payable and deferred loss on refunding of (\$35,646,821) and (\$12,026,940), respectively.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SECTION 2-Districts' Audited Consolidated Financial Statements

The audited consolidated financial statements for the Districts are provided in Exhibits A through C-2 of the Financial Section of this CAFR.

SECTION 3-Principal Amount of Bonds Outstanding

At December 31, 2018, the total principal amount of bonds outstanding will be \$385,400,000, an overall decrease of \$34,505,000 from December 31, 2017, when the total principal amount of bonds outstanding was \$419,905,000.

SECTION 4-Changes in Debt Obligations

Changes in Debt Obligations Calendar Year 2018

System	New Debt	Principal Payments	Retirements	Net Change in Debt Obligations
JO System ⁽¹⁾	\$ 42,905,166	\$ (46,349,435)	\$ -	\$ (3,444,269)
4	-	(276,482)	-	(276,482)
9	-	(38,854)	-	(38,854)
14	-	(8,499,490)	-	(8,499,490)
20	-	(3,581,880)	-	(3,581,880)
27	-	(54,339)	-	(54,339)
SCV	-	(6,053,051)	-	(6,053,051)
Total	\$ <u>42,905,166</u>	\$ <u>(64,853,531)</u>	\$ <u>-</u>	\$ <u>(21,948,365)</u>

(1) Joint Outfall (JO) System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SECTION 5-Outstanding Senior and Subordinate Obligations for each District as of December 31, 2018

	District No. 1	District No. 2	District No. 3	District No. 5	District No. 8	District No. 15
Senior A.V. Obligations						
2011 Series A Revenue Bonds	\$ 4,946,370	\$ 7,636,744	\$ 5,800,828	\$ 12,483,167	\$ 3,016,522	\$ 7,811,843
2013 Series A Revenue Bonds	653,263	1,008,586	766,110	1,648,632	398,390	1,031,704
Total Senior A.V. Obligation	<u>5,599,633</u>	<u>8,645,330</u>	<u>6,566,938</u>	<u>14,131,799</u>	<u>3,414,912</u>	<u>8,843,547</u>
Senior Revenue Obligations						
Primary Sedimentation Tank Covers	79,583	115,572	91,432	134,583	49,253	97,621
Secondary Effluent Pump Station	26,644	38,693	30,611	45,058	16,490	32,683
Biological Reactors/Secondary Clarifiers	2,206,437	3,204,238	2,534,952	3,731,331	1,365,540	2,706,563
Cryogenic Oxygen Generation	432,464	628,034	496,853	731,345	267,647	530,489
Power Generation Equipment Purchase	234,808	340,993	269,768	397,086	145,320	288,031
Waste Activated Sludge Thickening Exp.	94,298	136,942	108,338	159,469	58,360	115,673
Relocate/ Install High-Speed Centrifuge	47,454	68,913	54,519	80,250	29,369	58,210
Install of Secondary Influent Pumping Equip	107,071	155,491	123,012	181,069	66,265	131,340
Fuel Gas Compressor Upgrade	16,566	24,058	19,033	28,015	10,253	20,321
Modifications of Electrical Power	91,661	133,112	105,308	155,008	56,728	112,437
Primary Screenings and Grit Dewatering Fac.	263,777	383,064	303,051	446,077	163,249	323,567
Environmental Laboratory Building	216,840	314,900	249,125	366,701	134,200	265,991
JWPCP Digestion Tanks 17-23	1,196,377	1,737,406	1,374,505	2,023,207	740,425	1,467,556
Modification of Biological Reactors	1,143,618	1,660,788	1,313,890	1,933,985	707,773	1,402,838
High-Speed Scroll Centrifuges Purch & Install	125,439	182,166	144,116	212,132	77,633	153,872
Secondary Infl Pump Station Equipment	295,779	429,537	339,817	500,195	183,054	362,822
Silo Odor Control Facilities, Phase I	156,320	227,012	179,594	264,355	96,745	191,753
Silo Odor Control Facilities, Phase II	117,914	171,237	135,470	199,405	72,975	144,641
Total Senior Revenue Obligations	<u>6,853,050</u>	<u>9,952,156</u>	<u>7,873,394</u>	<u>11,589,271</u>	<u>4,241,279</u>	<u>8,406,408</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	51,111	74,224	58,720	86,434	31,632	62,696
Central Odor Control System	361,683	525,243	415,533	611,645	223,841	443,664
Heat Recovery Steam Generation Equipment	156,209	226,850	179,467	264,167	96,676	191,617
Power Generation Steam Turbine Generator	116,397	169,034	133,727	196,840	72,037	142,780
Pomona WRP NDN Facilities	166,440	241,707	191,221	281,468	103,008	204,166
Pomona WRP NDN Facilities Equip. Purch.	6,163	8,950	7,081	10,423	3,814	7,560
Los Coyotes WRP NDN Facilities	789,247	1,146,162	906,757	1,334,704	488,456	968,143
Los Coyotes WRP Ammonia Addition Station	33,992	49,364	39,053	57,484	21,037	41,697
Long Beach WRP NDN Facilities	192,443	279,470	221,095	325,442	119,101	236,063
Long Beach WRP Ammonia Addition Station	23,462	34,072	26,955	39,677	14,520	28,780
Long Beach WRP NDN Facilities Equipment	15,134	21,978	17,388	25,594	9,366	18,565
Long Beach WRP Aeration System	10,364	15,051	11,907	17,527	6,414	12,714
Long Beach Pumping Plant Upgrades*	3,712,422	5,391,262	4,265,160	6,278,118	2,297,577	4,553,904
Whittier Narrows WRP NDN Facilities	213,865	310,579	245,707	361,669	132,359	262,341
San Jose Creek WRP NDN Facilities	329,046	477,849	378,038	556,454	203,643	403,630
San Jose Creek WRP NDN Fac. Equipment	48,395	70,281	55,601	81,842	29,951	59,365
Los Coyotes WRP Int. Sewer Rehab Phase II	794,460	1,153,732	912,746	1,343,519	491,682	974,537
Wright Road Truck Sewer Repair	450,605	-	-	-	-	-
District 5 Interceptor Section 2A Rehab	971,977	1,411,527	1,116,694	1,643,721	601,546	1,192,292
Joint Outfall "A" Unit 6 Rehabilitation*	888,534	1,290,348	1,020,826	1,502,609	549,904	1,089,935
Joint Outfall "D" Units 7&8 Rehabilitation*	796,029	1,156,011	914,548	1,346,173	492,653	976,462
Joint Outfall "B" Unit 1A Rehabilitation*	860,046	1,248,978	988,098	1,454,434	532,273	1,054,990
San Jose Creek East Flow Equalization*	920,023	1,336,078	1,057,004	1,555,861	569,392	1,128,562
Alamitos PP Force Main No. 2	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>11,908,047</u>	<u>16,638,750</u>	<u>13,163,326</u>	<u>19,375,805</u>	<u>7,090,882</u>	<u>14,054,463</u>
Total Obligations	<u>\$ 24,360,730</u>	<u>\$ 35,236,236</u>	<u>\$ 27,603,658</u>	<u>\$ 45,096,875</u>	<u>\$ 14,747,073</u>	<u>\$ 31,304,418</u>

*Funds have been received as of December 31, 2018; however, this obligation is not yet in repayment.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	District No. 16	District No. 17	District No. 18	District No. 19	District No. 21	District No. 22
Senior A.V. Obligations						
2011 Series A Revenue Bonds	\$ 4,868,217	\$ 622,993	\$ 4,270,023	\$ 1,376,748	\$ 4,605,192	\$ 3,985,204
2013 Series A Revenue Bonds	<u>642,942</u>	<u>82,279</u>	<u>563,938</u>	<u>181,826</u>	<u>608,204</u>	<u>526,324</u>
Total Senior A.V. Obligation	<u>5,511,159</u>	<u>705,272</u>	<u>4,833,961</u>	<u>1,558,574</u>	<u>5,213,396</u>	<u>4,511,528</u>
Senior Revenue Obligations						
Primary Sedimentation Tank Covers	51,994	6,720	63,136	17,950	76,753	62,782
Secondary Effluent Pump Station	17,407	2,250	21,137	6,010	25,697	21,019
Biological Reactors/Secondary Clarifiers	1,441,539	186,321	1,750,440	497,674	2,127,986	1,740,634
Cryogenic Oxygen Generation	282,543	36,519	343,088	97,545	417,088	341,166
Power Generation Equipment Purchase	153,408	19,828	186,281	52,962	226,459	185,237
Waste Activated Sludge Thickening Exp.	61,608	7,963	74,810	21,270	90,946	74,391
Relocate/ Install High-Speed Centrifuge	31,003	4,007	37,647	10,703	45,767	37,436
Install of Secondary Influent Pumping Equip	69,953	9,042	84,943	24,150	103,264	84,467
Fuel Gas Compressor Upgrade	10,823	1,399	13,142	3,737	15,977	13,069
Modifications of Electrical Power	59,885	7,740	72,717	20,675	88,402	72,310
Primary Screenings and Grit Dewatering Fac.	172,335	22,275	209,263	59,496	254,399	208,091
Environmental Laboratory Building	141,669	18,311	172,027	48,910	209,130	171,063
JWPCP Digestion Tanks 17-23	781,633	101,027	949,126	269,850	1,153,839	943,809
Modification of Biological Reactors	747,164	96,572	907,270	257,949	1,102,956	902,188
High-Speed Scroll Centrifuges Purch & Install	81,954	10,593	99,515	28,294	120,979	98,958
Secondary Infl Pump Station Equipment	193,242	24,977	234,651	66,715	285,263	233,337
Silo Odor Control Facilities, Phase I	102,129	13,200	124,014	35,259	150,762	123,319
Silo Odor Control Facilities, Phase II	<u>77,037</u>	<u>9,957</u>	<u>93,545</u>	<u>26,596</u>	<u>113,721</u>	<u>93,021</u>
Total Senior Revenue Obligations	<u>4,477,326</u>	<u>578,701</u>	<u>5,436,752</u>	<u>1,545,745</u>	<u>6,609,388</u>	<u>5,406,297</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	33,392	4,316	40,548	11,528	49,293	40,321
Central Odor Control System	236,299	30,542	286,935	81,580	348,823	285,327
Heat Recovery Steam Generation Equipment	102,057	13,191	123,926	35,234	150,655	123,232
Power Generation Steam Turbine Generator	76,046	9,829	92,342	26,254	112,258	91,824
Pomona WRP NDN Facilities	108,741	14,055	132,042	37,541	160,522	131,302
Pomona WRP NDN Facilities Equip. Purch.	4,027	520	4,890	1,390	5,944	4,862
Los Coyotes WRP NDN Facilities	515,641	66,648	626,136	178,019	761,185	622,628
Los Coyotes WRP Ammonia Addition Station	22,208	2,870	26,967	7,667	32,783	26,816
Long Beach WRP NDN Facilities	125,729	16,251	152,671	43,407	185,600	151,816
Long Beach WRP Ammonia Addition Station	15,328	1,981	18,613	5,292	22,628	18,509
Long Beach WRP NDN Facilities Equipment	9,888	1,278	12,006	3,414	14,596	11,939
Long Beach WRP Aeration System	6,771	875	8,222	2,338	9,996	8,176
Long Beach Pumping Plant Upgrades*	2,425,449	313,493	2,945,188	837,357	3,580,425	2,928,688
Whittier Narrows WRP NDN Facilities	139,725	18,060	169,666	48,238	206,261	168,716
San Jose Creek WRP NDN Facilities	214,977	27,786	261,044	74,218	317,347	259,581
San Jose Creek WRP NDN Fac. Equipment	31,618	4,087	38,394	10,916	46,675	38,179
Los Coyotes WRP Int. Sewer Rehab Phase II	519,047	67,088	630,271	179,195	766,212	626,740
Wright Road Truck Sewer Repair	-	-	-	-	-	-
District 5 Interceptor Section 2A Rehab	635,025	82,078	771,102	219,235	937,418	766,782
Joint Outfall "A" Unit 6 Rehabilitation*	580,509	75,032	704,903	200,414	856,941	700,954
Joint Outfall "D" Units 7&8 Rehabilitation*	520,072	67,220	631,516	179,549	767,725	627,978
Joint Outfall "B" Unit 1A Rehabilitation*	561,897	72,626	682,303	193,988	829,467	678,481
San Jose Creek East Flow Equalization*	601,082	77,691	729,885	207,516	887,311	725,796
Alamitos PP Force Main No. 2	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>7,485,528</u>	<u>967,517</u>	<u>9,089,570</u>	<u>2,584,290</u>	<u>11,050,065</u>	<u>9,038,647</u>
Total Obligations	<u>\$ 17,474,013</u>	<u>\$ 2,251,490</u>	<u>\$ 19,360,283</u>	<u>\$ 5,688,609</u>	<u>\$ 22,872,849</u>	<u>\$ 18,956,472</u>

*Funds have been received as of December 31, 2018; however, this obligation is not yet in repayment.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	District No. 23	District No. 28	District No. 29	South Bay Cities
Senior A.V. Obligations				
2011 Series A Revenue Bonds	\$ 841,680	\$ 220,190	\$ 69,138	\$ 2,129,001
2013 Series A Revenue Bonds	111,160	29,080	9,131	281,177
Total Senior A.V. Obligation	952,840	249,270	78,269	2,410,178
Senior Revenue Obligations				
Primary Sedimentation Tank Covers	8,135	2,122	2,564	24,052
Secondary Effluent Pump Station	2,724	711	859	8,052
Biological Reactors/Secondary Clarifiers	225,547	58,838	71,096	666,834
Cryogenic Oxygen Generation	44,207	11,532	13,935	130,700
Power Generation Equipment Purchase	24,003	6,262	7,566	70,964
Waste Activated Sludge Thickening Exp.	9,639	2,515	3,039	28,499
Relocate/ Install High-Speed Centrifuge	4,851	1,265	1,529	14,342
Install of Secondary Influent Pumping Equip	10,945	2,855	3,450	32,359
Fuel Gas Compressor Upgrade	1,693	442	534	5,007
Modifications of Electrical Power	9,370	2,444	2,954	27,702
Primary Screenings and Grit Dewatering Fac.	26,964	7,034	8,499	79,719
Environmental Laboratory Building	22,166	5,782	6,987	65,534
JWPCP Digestion Tanks 17-23	122,296	31,903	38,550	361,572
Modification of Biological Reactors	116,903	30,496	36,850	345,627
High-Speed Scroll Centrifuges Purch & Install	12,823	3,345	4,042	37,911
Secondary Infl Pump Station Equipment	30,235	7,887	9,531	89,391
Silo Odor Control Facilities, Phase I	15,979	4,169	5,037	47,243
Silo Odor Control Facilities, Phase II	12,053	3,144	3,799	35,636
Total Senior Revenue Obligations	700,533	182,746	220,821	2,071,144
Subordinate Revenue Obligations				
Install of Secondary Infl Pumping Equip Stg II	5,225	1,363	1,647	15,447
Central Odor Control System	36,972	9,645	11,654	109,309
Heat Recovery Steam Generation Equipment	15,968	4,166	5,033	47,210
Power Generation Steam Turbine Generator	11,898	3,104	3,751	35,178
Pomona WRP NDN Facilities	17,014	4,438	5,363	50,302
Pomona WRP NDN Facilities Equip. Purch.	630	164	199	1,863
Los Coyotes WRP NDN Facilities	80,679	21,047	25,431	238,528
Los Coyotes WRP Ammonia Addition Station	3,475	906	1,095	10,273
Long Beach WRP NDN Facilities	19,672	5,132	6,201	58,160
Long Beach WRP Ammonia Addition Station	2,398	626	756	7,091
Long Beach WRP NDN Facilities Equipment	1,547	404	488	4,574
Long Beach WRP Aeration System	1,059	276	334	3,132
Long Beach Pumping Plant Upgrades*	379,492	98,998	119,622	1,121,976
Whittier Narrows WRP NDN Facilities	21,862	5,703	6,891	64,635
San Jose Creek WRP NDN Facilities	33,636	8,775	10,603	99,445
San Jose Creek WRP NDN Fac. Equipment	4,947	1,291	1,559	14,626
Los Coyotes WRP Int. Sewer Rehab Phase II	81,211	21,186	25,599	240,103
Wright Road Truck Sewer Repair	-	-	-	-
District 5 Interceptor Section 2A Rehab	99,358	25,919	31,319	293,753
Joint Outfall "A" Unit 6 Rehabilitation*	90,828	23,694	28,631	268,535
Joint Outfall "D" Units 7&8 Rehabilitation*	81,372	21,227	25,650	240,578
Joint Outfall "B" Unit 1A Rehabilitation*	87,916	22,935	27,713	259,925
San Jose Creek East Flow Equalization*	94,047	24,534	29,645	278,051
Alamitos PP Force Main No. 2	-	-	751,946	-
Total Subordinate Revenue Obligations	1,171,206	305,533	1,121,130	3,462,694
Total Obligations	\$ 2,824,579	\$ 737,549	\$ 1,420,220	\$ 7,944,016

*Funds have been received as of December 31, 2018; however, this obligation is not yet in repayment.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	District No. 4	District No. 9	District No. 14	District No. 20	District No. 27	Santa Clarita Valley
Senior A.V. Obligations						
2011 Series A Revenue Bonds	\$ 737,974	\$ 103,707	\$ 1,046,839	\$ 872,491	\$ 145,039	\$ 7,560,090
2013 Series A Revenue Bonds	97,463	13,697	138,256	115,229	19,155	998,454
Total Senior A.V. Obligation	835,437	117,404	1,185,095	987,720	164,194	8,558,544
Senior Revenue Obligations						
Valencia WRP Solids Processing Expansion	-	-	-	-	-	1,075,183
Valencia WRP Stage V Expansion-Equipment	-	-	-	-	-	282,055
Total Senior Revenue Obligations	-	-	-	-	-	1,357,238
Subordinate Revenue Obligations						
2015 Series A Revenue Bonds	-	-	136,440,000	-	-	-
2016 Series A Revenue Bonds	-	-	-	163,885,000	-	-
Lancaster - Rosamond Outfall & TS, Phase 1	-	-	3,234,259	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 2	-	-	5,619,380	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 3	-	-	5,154,756	-	-	-
Valencia WRP Stage V Expansion	-	-	-	-	-	11,638,680
Saugus WRP Equipment Purchases	-	-	-	-	-	534,779
Lancaster WRP Stage V Expansion, Phase I	-	-	53,670,840	-	-	-
Valencia WRP Steam Boiler Upgrade	-	-	-	-	-	3,624,281
Total Subordinate Revenue Obligations	-	-	204,119,235	163,885,000	-	15,797,740
Total Obligations	<u>\$ 835,437</u>	<u>\$ 117,404</u>	<u>\$ 205,304,330</u>	<u>\$ 164,872,720</u>	<u>\$ 164,194</u>	<u>\$ 25,713,522</u>

*Funds have been received as of December 31, 2018; however, this obligation is not yet in repayment.

SECTION 6-Updated Tables Contained in the Official Statements.

Districts Nos. 14 & 20 Connection Fee Revenue

Fiscal Year	District No. 14				District No. 20			
	Rates	Collected	Refunds ⁽¹⁾	Net Revenue	Rates	Collected	Refunds ⁽¹⁾	Net Revenue
2008-09	5,190	2,426,772	(94,268)	2,332,504	5,190	727,392	(15,570)	711,822
2009-10	6,190	2,025,259	(121,825)	1,903,434	6,190	812,715	-	812,715
2010-11	6,190	971,121	(50,758)	920,363	6,190	587,559	-	587,559
2011-12	6,190	956,410	-	956,410	6,190	477,727	(1,532)	476,195
2012-13	6,190	2,159,862	-	2,159,862	6,190	1,098,476	-	1,098,476
2013-14	6,190	995,679	-	995,679	6,190	386,129	-	386,129
2014-15	6,190	812,219	(6,190)	806,029	6,190	674,087	-	674,087
2015-16	6,190	1,360,208	-	1,360,208	6,190	2,316,324	-	2,316,324
2016-17	6,190	1,645,057	-	1,645,057	6,190	1,134,699	(6,959)	1,127,740
2017-18	6,190	1,432,576	-	1,432,576	6,190	1,042,743	-	1,042,743

(1) Refunds are reflected on this schedule during the fiscal year in which the fees are collected, not the fiscal year in which the refund was processed.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Sewage Units by Customer Type Fiscal Year 2017-18 ⁽¹⁾

District	Sewage Units ⁽²⁾					Total Parcels
	Residential ⁽³⁾	Commercial ⁽³⁾	Industrial	Contract	Total	
JO System ⁽⁴⁾	1,234,192	465,575	218,435	19,786	1,937,988	1,091,989
14	57,024	10,467	596	2,185	70,272	51,082
20	35,434	6,902	253	29	42,618	32,555
SCV	74,581	20,383	1,018	3,240	99,222	73,084
4	17,009	9,088	98	-	26,195	9,915
9	498	573	-	-	1,071	461
27	496	55	-	-	551	485
Total	<u>1,419,234</u>	<u>513,043</u>	<u>220,400</u>	<u>25,240</u>	<u>2,177,917</u>	<u>1,259,571</u>

- (1) Sewage units are not static during the course of a fiscal year as new connections are made, parcels undergo changes in use, and low water rebates become effective. These numbers represent sewage units that were present at the end of the fiscal year.
- (2) A sewage unit is the average daily quantity and quality of sewage flow and strength from a single-family home.
- (3) Residential and commercial sewage units are adjusted each year to reflect reductions in sewage units for parcels that applied for and received a low-water rebate in the preceding fiscal year.
- (4) Joint Outfall (JO) System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.

User Fees and Ad Valorem Taxes Fiscal Year 2017-18

District	Service Charge Collected	Service Charge Rebates ⁽²⁾	Net Service Charge Revenue	IW Surcharge Revenue	Total User Fees	A.V. Taxes ⁽³⁾
JO System ⁽¹⁾	282,051,215	(8,514,041)	273,537,174	63,331,380	336,868,554	66,078,263
14	32,943,304	(871,676)	32,071,628	2,659,180	34,730,808	1,565,072
20	24,113,996	(822,029)	23,291,967	469,253	23,761,220	1,360,107
SCV	33,516,504	(919,120)	32,597,384	556,870	33,154,254	7,256,124
4	4,002,859	(121,288)	3,881,571	43,475	3,925,046	656,183
9	100,888	(43,793)	57,095	-	57,095	100,207
27	-	-	-	-	-	355,010
Total	<u>376,728,766</u>	<u>(11,291,947)</u>	<u>365,436,819</u>	<u>67,060,158</u>	<u>432,496,977</u>	<u>77,370,966</u>

- (1) Joint Outfall (JO) System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.
- (2) Rebates issued pursuant to the low-water rebate program. Rebates are recorded in the year in which claims are processed, not in the years for which they are being made.
- (3) Actual amounts collected.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts' Service Charge Rates (Dollars per Single-Family Home)

District (JO) ⁽¹⁾	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
1	\$ 158.00	\$ 163.00	\$ 168.00	\$ 173.00	\$ 178.00
2	150.00	155.00	160.00	165.00	169.00
3	154.00	157.00	160.00	163.00	166.00
5	136.00	141.00	146.00	151.00	155.00
8	147.00	154.00	163.00	174.00	180.00
15	136.00	141.00	146.00	151.00	154.00
16	139.00	142.00	145.00	148.00	151.00
17	140.00	143.00	146.00	149.00	152.00
18	151.00	156.00	161.00	166.00	170.00
19	152.00	155.00	158.00	161.00	164.00
21	148.00	153.00	158.00	163.00	167.00
22	149.00	152.00	155.00	158.00	162.00
23	118.00	120.00	122.00	124.00	126.00
28 ⁽³⁾	338.00	340.00	342.00	242.00	-
28 ⁽³⁾	130.00	132.00	134.00	136.00	138.00
29	339.75	339.76	339.75	339.75	339.75
SBC	122.00	124.00	126.00	128.00	130.00
(Non- JO) ^{(1),(2)}					
4	150.00	150.00	150.00	150.00	150.00
9	78.00	78.00	78.00	78.00	78.00
14	472.00	496.00	476.00	476.00	476.00
20	525.00	535.00	550.00	565.00	565.00
SCV	247.00	267.00	287.00	307.00	328.00

- (1) JO indicates a District within the Joint Outfall System. Non-JO indicates a District outside of the Joint Outfall System.
- (2) District No. 27 does not have any service charge rate in effect as its other revenues have been sufficient to meet expenses. However, District No. 27 does have a Master Service Charge Ordinance in place should the need for a service charge arise.
- (3) Beginning in fiscal year 1999-00, District No. 28 had two service charge rates. The first rate was for those users directly connected to the La Cañada WRP Outfall Trunk Sewer or the Foothill Main Trunk Sewer or tributary to the La Cañada WRP; the second rate was for those users within a City of La Cañada Flintridge Sewer Assessment District. As of fiscal year 2017-18, the loans associated with the two trunk sewers were paid off, making two rates unnecessary.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Fund Balances on June 30, 2018

Districts	Operating Fund*		Capital Improvement Fund
	Total Fund	Available as Rate Stabilization Fund	Total Fund
1	\$ 43,184,823	\$ 43,184,000	\$ 47,023,471
2	67,954,313	67,954,000	63,615,659
3	53,521,483	53,521,000	40,445,950
4	35,139,359	35,139,000	6,475,756
5	72,381,076	72,381,000	60,708,369
8	13,728,781	13,728,000	34,467,258
9	4,319,581	4,319,000	446,793
14	52,309,159	52,309,000	690,191
15	71,356,138	71,356,000	47,533,470
16	50,816,575	50,816,000	24,580,836
17	8,017,037	8,017,000	3,368,979
18	35,624,815	35,624,000	34,753,945
19	14,796,915	14,796,000	10,274,753
20	30,112,295	30,112,000	2,128,068
21	55,842,394	55,842,000	46,718,743
22	56,760,599	56,760,000	32,504,703
23	13,379,751	13,380,000	3,472,598
27	1,172,166	1,172,000	20,712
28	7,425,365	7,425,000	900,615
29	5,912,350	5,912,000	1,736,951
SBC	32,868,728	32,868,000	12,002,486
SCV	48,163,489	48,163,000	72,521,528
	<u>\$ 774,787,192</u>	<u>\$ 774,778,000</u>	<u>\$ 546,391,834</u>

* Includes undesignated and designated funds per the Wastewater Financial Reserve Policy.

Average Yearly Flow From The Participating Districts⁽¹⁾⁽²⁾ (In Millions Of Gallons Per Day)

District	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
JO System ⁽³⁾	376.58	365.68	351.05	356.48	350.65
14	13.64	13.56	12.88	12.70	13.01
20	8.44	8.27	8.08	8.12	7.98
SCV	19.52	18.89	18.09	18.19	18.43
Total	<u>418.18</u>	<u>406.40</u>	<u>390.10</u>	<u>395.49</u>	<u>390.07</u>

- (1) The flow from Districts Nos. 4, 9, and 27 is disposed of through the City of Los Angeles sewerage system.
- (2) All flow values are effluent plant flows.
- (3) Joint Outfall (JO) System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Ten Largest Disposal Customers Fiscal Year 2017-2018

District No. 14 Customer	Fiscal Year 2017-18 Billing	Percentage Of Total User Charges
California State Prison - Los Angeles County	\$ 1,321,283	3.80%
Northrop Grumman Corporation MASD (Site 4)	694,585	2.00
Provident Housing Resources Inc. (Apartments)	228,480	0.66
Northrop Grumman Corporation MAD (Site 3)	216,517	0.62
Mission Linen Supply	191,080	0.55
Walmart Real Estate (Shopping Center)	179,483	0.52
Antelope Valley Hospital	176,156	0.51
Mayflower RHF Housing Inc. (Mobile Home Park)	143,371	0.41
Caritas Affordable Housing Inc. (Mobile Home Park)	132,518	0.38
Front Gate Plaza LLC (Shopping Center)	96,609	0.28
	3,380,082	9.73
Balance from Other Dischargers	31,350,725	90.27
Total User Charges	\$ 34,730,807	100.00%

District No. 20 Customer	Fiscal Year 2017-18 Billing	Percentage Of Total User Charges
Lockheed Martin (Aerospace Manufacturing)	\$ 218,384	0.92%
Antelope Valley Mall LLC (Shopping Center)	187,766	0.79
38300 30 th Street Multi LLC. (Apartments)	117,972	0.50
Sagetree Village LLC (Mobile Home Park)	111,870	0.47
Mountain Shadows Apartments LLC	104,412	0.44
LA City (NASA Facility)	104,042	0.44
Figjam LP (Apartments)	103,056	0.43
Caritas Acquisitions LLC. (Mobile Home Park)	101,022	0.42
Palm Chaparral Apartments LLC	100,344	0.42
Universal Health Care (Acute Care Hospital)	96,826	0.41
	1,245,694	5.24
Balance from Other Dischargers	22,515,427	94.76
Total User Charges	\$ 23,761,221	100.00%

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Outstanding Senior and Subordinate Obligations

	Outstanding Balance Dec. 31, 2017	Outstanding Balance Dec. 31, 2018	Net Change
Senior A.V. Obligations			
2011 Series A Revenue Bonds	\$ 100,360,000	\$ 75,150,000	\$ (25,210,000)
2013 Series A Revenue Bonds	12,870,000	9,925,000	(2,945,000)
Total Senior A.V. Obligation	113,230,000	85,075,000	(28,155,000)
Senior Revenue Obligations			
Primary Sedimentation Tank Covers	1,092,516	884,252	(208,264)
Secondary Effluent Pump Station	365,425	296,043	(69,382)
Biological Reactors/Secondary Clarifiers	30,290,102	24,515,972	(5,774,130)
Cryogenic Oxygen Generation	6,006,445	4,805,156	(1,201,289)
Power Generation Equipment Purchase	3,261,222	2,608,978	(652,244)
Waste Activated Sludge Thickening Expansion	1,257,313	1,047,761	(209,552)
Relocating and Installing High-Speed Centrifuge	632,717	527,264	(105,453)
Installation of Secondary Influent Pumping Equip	1,427,610	1,189,675	(237,935)
Fuel Gas Compressor Upgrade	220,880	184,067	(36,813)
Modifications of Electrical Power	1,222,142	1,018,452	(203,690)
Primary Screenings and Grit Dewatering Fac.	3,517,033	2,930,861	(586,172)
Environmental Laboratory Building	2,891,203	2,409,336	(481,867)
JWPCP Digestion Tanks 17-23	15,951,697	13,293,081	(2,658,616)
Modification of Biological Reactors	14,654,385	12,706,868	(1,947,517)
High-Speed Scroll Centrifuges Purch & Install	1,626,067	1,393,772	(232,295)
Secondary Infl Pump Station Equipment	3,834,174	3,286,435	(547,739)
Valencia WRP Solids Processing Expansion	1,612,774	1,075,183	(537,591)
Valencia WRP Stage V Expansion-Equipment	352,568	282,055	(70,513)
Silo Odor Control Facilities, Phase I	2,084,268	1,736,890	(347,378)
Silo Odor Control Facilities, Phase II	1,473,920	1,310,151	(163,769)
Total Senior Revenue Obligations	93,774,461	77,502,252	(16,272,209)
Subordinate Revenue Obligations:			
2015 Series A Revenue Bonds	139,535,000	136,440,000	(3,095,000)
2016 Series A Revenue Bonds	167,140,000	163,885,000	(3,255,000)
Install of Secondary Infl Pumping Equip Stg II	649,023	567,895	(81,128)
Central Odor Control System	4,592,794	4,018,695	(574,099)
Heat Recovery Steam Generation Equipment	1,952,614	1,735,657	(216,957)
Power Generation Steam Turbine Generator	1,454,962	1,293,300	(161,662)
Pomona WRP NDN Facilities	2,157,551	1,849,329	(308,222)
Pomona WRP NDN Facilities Equip. Purch.	79,895	68,481	(11,414)
Los Coyotes WRP NDN Facilities	9,646,351	8,769,410	(876,941)
Los Coyotes WRP Ammonia Addition Station	453,225	377,688	(75,537)
Long Beach WRP NDN Facilities	2,375,836	2,138,252	(237,584)
Long Beach WRP Ammonia Addition Station	312,824	260,687	(52,137)
Long Beach WRP NDN Facilities Equipment	201,790	168,158	(33,632)
Long Beach WRP Aeration System	138,192	115,159	(23,033)
Long Beach Pumping Plant Upgrades*	38,666,455	41,249,132	2,582,677
Whittier Narrows WRP NDN Facilities	2,592,301	2,376,276	(216,025)

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	Outstanding Balance Dec. 31, 2017	Outstanding Balance Dec. 31, 2018	Net Change
Subordinate Revenue Obligations (Continued):			
San Jose Creek WRP NDN Facilities	4,178,368	3,656,072	(522,296)
San Jose Creek WRP NDN Fac. Equipment	614,544	537,726	(76,818)
Lancaster - Rosamond Outfall & TS, Phase 1	3,598,725	3,234,259	(364,466)
Lancaster - Rosamond Outfall & TS, Phase 2	6,252,621	5,619,380	(633,241)
Lancaster - Rosamond Outfall & TS, Phase 3	5,735,639	5,154,756	(580,883)
Valencia WRP Stage V Expansion	13,966,416	11,638,680	(2,327,736)
Saugus WRP Equipment Purchases	623,909	534,779	(89,130)
Lancaster WRP Stage V Expansion, Phase I	57,104,541	53,670,840	(3,433,701)
Valencia WRP Steam Boiler Upgrade	3,819,969	3,624,281	(195,688)
Los Coyotes WRP Interceptor Sewer Rehab Phase II	9,388,037	8,827,328	(560,709)
Wright Road Truck Sewer Repair	479,433	450,605	(28,828)
District 5 Interceptor Section 2A Rehab	11,323,930	10,799,745	(524,185)
Joint Outfall "A" Unit 6 Rehabilitation*	-	9,872,596	9,872,596
Joint Outfall "D" Units 7&8 Rehabilitation*	-	8,844,763	8,844,763
Joint Outfall "B" Unit 1A Rehabilitation*	-	9,556,071	9,556,071
San Jose Creek East Flow Equalization*	-	10,222,478	10,222,478
Alamitos PP Force Main No. 2	795,635	751,946	(43,689)
Total Subordinate Revenue Obligations	<u>489,830,580</u>	<u>512,309,424</u>	<u>22,478,844</u>
Total Obligations	\$ <u>696,835,041</u>	\$ <u>674,886,676</u>	\$ <u>(21,948,365)</u>

*Funds have been received as of December 31, 2018; however, this obligation is not yet in repayment.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 1	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 29,096	\$ 29,357	\$ 30,233	\$ 31,238
Other Revenues	1,943	2,115	2,153	2,547
A.V. Tax	3,182	3,160	3,253	3,514
Interest	606	804	940	1,259
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	34,827	35,436	36,579	38,558
CIF Pledged for Debt ⁽²⁾	41	-	-	-
Total Revenue for Senior Coverage	34,868	35,436	36,579	38,558
CIF Connection Fee Revenue ⁽²⁾	2,038	2,116	2,626	2,554
Total Revenue for Subordinate Coverage	36,865	37,552	39,205	41,112
Expenses⁽³⁾				
Total O&M	22,408	23,136	23,155	23,692
Rate Stabilization Fund ⁽⁴⁾	2,655	839	2,243	5,474
Total	25,063	23,975	25,398	29,166
Debt Service Payments				
Senior				
State Loans	1,519	1,503	1,503	1,508
Revenue Bonds	2,173	2,173	2,171	2,174
Total Senior Debt Payments	3,692	3,676	3,674	3,682
Subordinate				
State Loans	433	433	494	504
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	433	433	494	504
Total Debt Service	4,125	4,109	4,168	4,186
Debt Service Coverage⁽⁵⁾:				
Senior	2.54	3.00	2.91	2.41
Subordinate	2.86	3.30	3.31	2.85

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 2	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 40,377	\$ 41,098	\$ 43,183	\$ 44,717
Other Revenues	2,882	2,899	3,127	3,712
A.V. Tax	6,509	6,466	6,786	7,286
Interest	954	1,335	1,420	1,876
Rate Stabilization Fund ⁽¹⁾	-	940	-	-
Subtotal	50,722	52,738	54,516	57,591
CIF Pledged for Debt ⁽²⁾	60	-	-	-
Total Revenue for Senior Coverage	50,782	52,738	54,516	57,591
CIF Connection Fee Revenue ⁽²⁾	3,316	3,097	3,687	4,348
Total Revenue for Subordinate Coverage	54,038	55,835	58,203	61,939
Expenses⁽³⁾				
Total O&M	33,387	33,699	34,110	34,703
Rate Stabilization Fund ⁽⁴⁾	1,652	-	326	5,036
Total	35,039	33,699	34,436	39,739
Debt Service Payments				
Senior				
State Loans	2,206	2,183	2,183	2,197
Revenue Bonds	3,356	3,356	3,352	3,356
Total Senior Debt Payments	5,562	5,539	5,535	5,553
Subordinate				
State Loans	570	570	658	674
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	570	570	658	674
Total Debt Service	6,132	6,109	6,193	6,227
Debt Service Coverage⁽⁵⁾:				
Senior	2.73	3.33	3.51	3.09
Subordinate	3.10	3.62	3.84	3.57

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 3	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 32,545	\$ 31,134	\$ 32,010	\$ 32,599
Other Revenues	2,243	2,294	2,473	2,886
A.V. Tax	5,222	5,273	5,298	5,603
Interest	688	901	956	1,289
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	40,698	39,602	40,737	42,377
CIF Pledged for Debt ⁽²⁾	48	-	-	-
Total Revenue for Senior Coverage	40,746	39,602	40,737	42,377
CIF Connection Fee Revenue ⁽²⁾	2,342	1,919	2,743	2,778
Total Revenue for Subordinate Coverage	43,040	41,521	43,480	45,155
Expenses⁽³⁾				
Total O&M	24,986	26,408	25,841	26,490
Rate Stabilization Fund ⁽⁴⁾	4,262	548	136	2,981
Total	29,248	26,956	25,977	29,471
Debt Service Payments				
Senior				
State Loans	1,745	1,727	1,727	1,708
Revenue Bonds	2,549	2,549	2,546	2,549
Total Senior Debt Payments	4,294	4,276	4,273	4,257
Subordinate				
State Loans	451	451	520	524
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	451	451	520	524
Total Debt Service	4,745	4,727	4,793	4,781
Debt Service Coverage⁽⁵⁾:				
Senior	2.57	2.85	3.33	2.91
Subordinate	2.91	3.08	3.65	3.28

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

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SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 5	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 42,778	\$ 41,925	\$ 44,447	\$ 46,378
Other Revenues	3,364	3,419	3,641	4,338
A.V. Tax	10,658	10,719	11,197	12,002
Interest	1,018	1,343	1,380	1,896
Rate Stabilization Fund ⁽¹⁾	-	2,743	2,763	-
Subtotal	57,818	60,149	63,428	64,614
CIF Pledged for Debt ⁽²⁾	70	-	-	-
Total Revenue for Senior Coverage	57,888	60,149	63,428	64,614
CIF Connection Fee Revenue ⁽²⁾	4,056	3,299	3,968	5,474
Total Revenue for Subordinate Coverage	61,874	63,448	67,396	70,088
Expenses⁽³⁾				
Total O&M	39,180	39,428	39,798	40,803
Rate Stabilization Fund ⁽⁴⁾	922	-	-	6,113
Total	40,102	39,428	39,798	46,916
Debt Service Payments				
Senior				
State Loans	2,569	2,542	2,542	2,558
Revenue Bonds	5,486	5,486	5,479	5,486
Total Senior Debt Payments	8,055	8,028	8,021	8,044
Subordinate				
State Loans	663	663	766	785
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	663	663	766	785
Total Debt Service	8,718	8,691	8,787	8,829
Debt Service Coverage⁽⁵⁾:				
Senior	2.13	2.50	2.85	2.10
Subordinate	2.50	2.76	3.14	2.62

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 8	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 19,647	\$ 20,156	\$ 19,541	\$ 20,029
Other Revenues	1,181	1,235	1,335	1,486
A.V. Tax	2,017	1,932	1,907	2,032
Interest	337	480	541	713
Rate Stabilization Fund ⁽¹⁾	-	1,629	794	-
Subtotal	23,182	25,432	24,118	24,260
CIF Pledged for Debt ⁽²⁾	25	-	-	-
Total Revenue for Senior Coverage	23,207	25,432	24,118	24,260
CIF Connection Fee Revenue ⁽²⁾	1,595	1,898	1,646	1,481
Total Revenue for Subordinate Coverage	24,777	27,330	25,764	25,741
Expenses⁽³⁾				
Total O&M	15,622	16,679	17,100	16,216
Rate Stabilization Fund ⁽⁴⁾	2,439	-	-	2,057
Total	18,061	16,679	17,100	18,273
Debt Service Payments				
Senior				
State Loans	940	930	930	880
Revenue Bonds	1,325	1,325	1,324	1,326
Total Senior Debt Payments	2,265	2,255	2,254	2,206
Subordinate				
State Loans	243	243	280	270
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	243	243	280	270
Total Debt Service	2,508	2,498	2,534	2,476
Debt Service Coverage⁽⁵⁾:				
Senior	2.16	3.77	2.99	2.59
Subordinate	2.68	4.26	3.42	3.02

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SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 15	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 31,564	\$ 30,875	\$ 32,719	\$ 34,546
Other Revenues	2,408	2,451	2,650	3,072
A.V. Tax	6,628	7,194	7,246	7,881
Interest	848	1,184	1,257	1,681
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	41,448	41,704	43,872	47,180
CIF Pledged for Debt ⁽²⁾	51	-	-	-
Total Revenue for Senior Coverage	41,499	41,704	43,872	47,180
CIF Connection Fee Revenue ⁽²⁾	2,587	3,466	2,908	3,372
Total Revenue for Subordinate Coverage	44,035	45,170	46,780	50,552
Expenses⁽³⁾				
Total O&M	26,997	27,616	27,642	27,533
Rate Stabilization Fund ⁽⁴⁾	2,398	623	187	7,979
Total	29,395	28,239	27,829	35,512
Debt Service Payments				
Senior				
State Loans	1,864	1,844	1,844	1,819
Revenue Bonds	3,434	3,434	3,429	3,433
Total Senior Debt Payments	5,298	5,278	5,273	5,252
Subordinate				
State Loans	481	481	556	558
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	481	481	556	558
Total Debt Service	5,779	5,759	5,829	5,810
Debt Service Coverage⁽⁵⁾:				
Senior	2.19	2.46	2.94	2.12
Subordinate	2.53	2.94	3.25	2.59

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SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 16	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 16,461	\$ 16,341	\$ 17,029	\$ 17,771
Other Revenues	1,302	1,304	1,407	1,723
A.V. Tax	4,688	5,393	5,783	5,648
Interest	502	733	773	1,051
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	22,953	23,771	24,992	26,193
CIF Pledged for Debt ⁽²⁾	27	-	-	-
Total Revenue for Senior Coverage	22,980	23,771	24,992	26,193
CIF Connection Fee Revenue ⁽²⁾	1,626	1,186	1,489	1,679
Total Revenue for Subordinate Coverage	24,579	24,957	26,481	27,872
Expenses⁽³⁾				
Total O&M	14,225	14,416	14,212	14,957
Rate Stabilization Fund ⁽⁴⁾	1,765	1,544	2,118	3,860
Total	15,990	15,960	16,330	18,817
Debt Service Payments				
Senior				
State Loans	993	982	982	1,020
Revenue Bonds	2,140	2,140	2,137	2,139
Total Senior Debt Payments	3,133	3,122	3,119	3,159
Subordinate				
State Loans	256	256	296	313
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	256	256	296	313
Total Debt Service	3,389	3,378	3,415	3,472
Debt Service Coverage⁽⁵⁾:				
Senior	2.15	2.42	2.68	2.24
Subordinate	2.53	2.66	2.97	2.61

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 17	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 2,149	\$ 2,175	\$ 2,217	\$ 2,271
Other Revenues	168	211	181	223
A.V. Tax	508	533	559	602
Interest	85	88	124	163
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	2,910	3,007	3,081	3,259
CIF Pledged for Debt ⁽²⁾	3	-	-	-
Total Revenue for Senior Coverage	2,913	3,007	3,081	3,259
CIF Connection Fee Revenue ⁽²⁾	164	150	176	212
Total Revenue for Subordinate Coverage	3,074	3,157	3,257	3,471
Expenses⁽³⁾				
Total O&M	1,823	1,851	1,815	1,905
Rate Stabilization Fund ⁽⁴⁾	565	640	469	389
Total	2,388	2,491	2,284	2,294
Debt Service Payments				
Senior				
State Loans	128	127	127	132
Revenue Bonds	274	274	273	274
Total Senior Debt Payments	402	401	400	406
Subordinate				
State Loans	33	33	38	40
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	33	33	38	40
Total Debt Service	435	434	438	446
Debt Service Coverage⁽⁵⁾:				
Senior	1.22	1.20	1.90	2.28
Subordinate	1.58	1.53	2.22	2.64

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 18	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 22,027	\$ 21,853	\$ 22,732	\$ 24,006
Other Revenues	1,580	1,584	1,707	1,986
A.V. Tax	3,905	3,771	4,007	4,286
Interest	487	652	706	949
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	27,999	27,860	29,152	31,227
CIF Pledged for Debt ⁽²⁾	33	-	-	-
Total Revenue for Senior Coverage	28,032	27,860	29,152	31,227
CIF Connection Fee Revenue ⁽²⁾	1,626	2,009	1,964	1,963
Total Revenue for Subordinate Coverage	29,625	29,869	31,116	33,190
Expenses⁽³⁾				
Total O&M	18,041	18,545	18,247	18,656
Rate Stabilization Fund ⁽⁴⁾	1,392	378	492	5,801
Total	19,433	18,923	18,739	24,457
Debt Service Payments				
Senior				
State Loans	1,205	1,192	1,192	1,176
Revenue Bonds	1,877	1,877	1,874	1,876
Total Senior Debt Payments	3,082	3,069	3,066	3,052
Subordinate				
State Loans	311	311	359	361
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	311	311	359	361
Total Debt Service	3,393	3,380	3,425	3,413
Debt Service Coverage⁽⁵⁾:				
Senior	2.69	2.81	3.28	2.10
Subordinate	3.00	3.24	3.61	2.56

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 19	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 5,999	\$ 5,827	\$ 6,830	\$ 6,634
Other Revenues	439	450	486	565
A.V. Tax	1,316	1,404	1,476	1,513
Interest	170	236	256	345
Rate Stabilization Fund ⁽¹⁾	-	156	-	-
Subtotal	7,924	8,073	9,048	9,057
CIF Pledged for Debt ⁽²⁾	9	-	-	-
Total Revenue for Senior Coverage	7,933	8,073	9,048	9,057
CIF Connection Fee Revenue ⁽²⁾	454	506	496	537
Total Revenue for Subordinate Coverage	8,378	8,579	9,544	9,594
Expenses⁽³⁾				
Total O&M	4,970	5,574	5,188	5,710
Rate Stabilization Fund ⁽⁴⁾	756	-	923	2,019
Total	5,726	5,574	6,111	7,729
Debt Service Payments				
Senior				
State Loans	343	339	339	334
Revenue Bonds	605	605	604	605
Total Senior Debt Payments	948	944	943	939
Subordinate				
State Loans	88	88	102	102
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	88	88	102	102
Total Debt Service	1,036	1,032	1,045	1,041
Debt Service Coverage⁽⁵⁾:				
Senior	2.24	2.55	3.01	1.31
Subordinate	2.56	2.91	3.29	1.79

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 21	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 31,175	\$ 26,989	\$ 27,715	\$ 28,196
Other Revenues	2,722	2,668	2,829	3,442
A.V. Tax	4,317	4,282	4,149	4,417
Interest	709	1,051	1,074	1,445
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	38,923	34,990	35,767	37,500
CIF Pledged for Debt ⁽²⁾	40	-	-	-
Total Revenue for Senior Coverage	38,963	34,990	35,767	37,500
CIF Connection Fee Revenue ⁽²⁾	2,285	2,127	2,465	2,567
Total Revenue for Subordinate Coverage	41,208	37,117	38,232	40,067
Expenses⁽³⁾				
Total O&M	21,428	21,810	21,828	22,379
Rate Stabilization Fund ⁽⁴⁾	6,072	199	1,174	6,010
Total	27,500	22,009	23,002	28,389
Debt Service Payments				
Senior				
State Loans	1,465	1,450	1,450	1,450
Revenue Bonds	2,024	2,024	2,021	2,024
Total Senior Debt Payments	3,489	3,474	3,471	3,474
Subordinate				
State Loans	378	378	437	445
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	378	378	437	445
Total Debt Service	3,867	3,852	3,908	3,919
Debt Service Coverage⁽⁵⁾:				
Senior	3.18	3.63	3.55	2.49
Subordinate	3.54	3.92	3.90	2.98

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 22	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 21,539	\$ 22,476	\$ 23,187	\$ 22,566
Other Revenues	1,630	1,583	1,636	2,048
A.V. Tax	3,694	3,827	4,211	4,420
Interest	601	816	1,215	1,265
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	27,464	28,702	30,249	30,299
CIF Pledged for Debt ⁽²⁾	33	-	-	-
Total Revenue for Senior Coverage	27,497	28,702	30,249	30,299
CIF Connection Fee Revenue ⁽²⁾	2,013	2,796	2,475	2,059
Total Revenue for Subordinate Coverage	29,477	31,498	32,724	32,358
Expenses⁽³⁾				
Total O&M	17,796	17,618	17,608	18,333
Rate Stabilization Fund ⁽⁴⁾	789	2,721	3,818	5,071
Total	18,585	20,339	21,426	23,404
Debt Service Payments				
Senior				
State Loans	1,199	1,186	1,186	1,210
Revenue Bonds	1,751	1,751	1,749	1,751
Total Senior Debt Payments	2,950	2,937	2,935	2,961
Subordinate				
State Loans	309	309	357	371
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	309	309	357	371
Total Debt Service	3,259	3,246	3,292	3,332
Debt Service Coverage⁽⁵⁾:				
Senior	2.92	2.74	2.88	2.20
Subordinate	3.34	3.44	3.43	2.69

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 23	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 3,649	\$ 3,834	\$ 3,880	\$ 3,523
Other Revenues	215	205	220	276
A.V. Tax	459	398	424	426
Interest	150	203	194	248
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	4,473	4,640	4,718	4,473
CIF Pledged for Debt ⁽²⁾	4	-	-	-
Total Revenue for Senior Coverage	4,477	4,640	4,718	4,473
CIF Connection Fee Revenue ⁽²⁾	189	214	209	258
Total Revenue for Subordinate Coverage	4,662	4,854	4,927	4,731
Expenses⁽³⁾				
Total O&M	3,107	2,968	2,989	3,264
Rate Stabilization Fund ⁽⁴⁾	670	331	290	170
Total	3,777	3,299	3,279	3,434
Debt Service Payments				
Senior				
State Loans	156	154	154	164
Revenue Bonds	370	370	369	370
Total Senior Debt Payments	526	524	523	534
Subordinate				
State Loans	40	40	46	50
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	40	40	46	50
Total Debt Service	566	564	569	584
Debt Service Coverage⁽⁵⁾:				
Senior	1.25	2.48	2.66	1.85
Subordinate	1.56	2.76	2.90	2.22

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 28	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 1,008	\$ 1,019	\$ 804	\$ 640
Other Revenues	54	53	59	71
A.V. Tax	582	609	635	679
Interest	58	87	88	117
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	1,702	1,768	1,586	1,507
CIF Pledged for Debt ⁽²⁾	1	-	-	-
Total Revenue for Senior Coverage	1,703	1,768	1,586	1,507
CIF Connection Fee Revenue ⁽²⁾	56	56	57	52
Total Revenue for Subordinate Coverage	1,758	1,824	1,643	1,559
Expenses⁽³⁾				
Total O&M	591	600	589	666
Rate Stabilization Fund ⁽⁴⁾	490	550	595	650
Total	1,081	1,150	1,184	1,316
Debt Service Payments				
Senior				
State Loans	407	407	229	41
Revenue Bonds	97	97	97	97
Total Senior Debt Payments	504	504	326	138
Subordinate				
State Loans	10	10	12	13
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	10	10	12	13
Total Debt Service	514	514	338	151
Debt Service Coverage⁽⁵⁾:				
Senior	1.21	1.21	1.20	1.29
Subordinate	1.32	1.31	1.36	1.61

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 29	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 1,941	\$ 1,988	\$ 1,960	\$ 1,937
Other Revenues	66	64	109	90
A.V. Tax	114	118	124	154
Interest	45	62	79	107
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	2,166	2,232	2,272	2,288
CIF Pledged for Debt ⁽²⁾	1	-	-	-
Total Revenue for Senior Coverage	2,167	2,232	2,272	2,288
CIF Connection Fee Revenue ⁽²⁾	75	84	85	80
Total Revenue for Subordinate Coverage	2,241	2,316	2,357	2,368
Expenses⁽³⁾				
Total O&M	1,108	1,132	1,304	1,229
Rate Stabilization Fund ⁽⁴⁾	885	935	653	703
Total	1,993	2,067	1,957	1,932
Debt Service Payments				
Senior				
State Loans	49	48	48	53
Revenue Bonds	30	30	30	30
Total Senior Debt Payments	79	78	78	83
Subordinate				
State Loans	71	71	72	73
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	71	71	72	73
Total Debt Service	150	149	150	156
Debt Service Coverage⁽⁵⁾:				
Senior	1.30	1.21	3.12	3.41
Subordinate	1.65	1.67	2.67	2.79

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

South Bay Cities	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 6,334	\$ 5,995	\$ 6,462	\$ 6,725
Other Revenues	592	603	650	756
A.V. Tax	4,679	4,953	5,229	5,615
Interest	313	439	460	633
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	11,918	11,990	12,801	13,729
CIF Pledged for Debt ⁽²⁾	12	-	-	-
Total Revenue for Senior Coverage	11,930	11,990	12,801	13,729
CIF Connection Fee Revenue ⁽²⁾	606	498	636	832
Total Revenue for Subordinate Coverage	12,524	12,488	13,437	14,561
Expenses⁽³⁾				
Total O&M	7,422	7,566	7,520	7,556
Rate Stabilization Fund ⁽⁴⁾	1,292	897	1,294	2,928
Total	8,714	8,463	8,814	10,484
Debt Service Payments				
Senior				
State Loans	459	454	454	448
Revenue Bonds	935	935	935	936
Total Senior Debt Payments	1,394	1,389	1,389	1,384
Subordinate				
State Loans	119	119	137	137
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	119	119	137	137
Total Debt Service	1,513	1,508	1,526	1,521
Debt Service Coverage⁽⁵⁾:				
Senior	2.22	2.45	2.77	2.25
Subordinate	2.52	2.67	3.03	2.68

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

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SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 4	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 3,728	\$ 3,773	\$ 3,798	\$ 3,925
Other Revenues	1	-	-	-
A.V. Tax	503	547	597	656
Interest	369	532	483	596
Rate Stabilization Fund ⁽¹⁾	-	1,443	387	-
Subtotal	4,601	6,295	5,265	5,177
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Coverage	4,601	6,295	5,265	5,177
CIF Connection Fee Revenue ⁽²⁾	1,034	408	191	480
Total Revenue for Subordinate Coverage	5,635	6,703	5,456	5,657
Expenses⁽³⁾				
Total O&M ⁽⁴⁾	1,467	3,901	1,810	1,924
Rate Stabilization Fund ⁽⁵⁾	1,277	-	-	450
Total	2,744	3,901	1,810	2,374
Debt Service Payments				
Senior				
State Loans	-	-	-	-
Revenue Bonds	325	325	324	324
Total Senior Debt Payments	325	325	324	324
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	325	325	324	324
Debt Service Coverage:				
Senior	5.71	7.37	10.66	8.65

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) In fiscal years 2011-12, 2012-13, and 2013-14, the City of Los Angeles undercharged District No. 4 for services provided. They later realized their error and sent a corrected invoice for all the undercharged years, which was paid during fiscal year 2015-16.

(5) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 9	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 86	103	103	57
Other Revenues	1	-	-	-
A.V. Tax	88	90	94	100
Interest	49	59	56	68
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	224	252	253	225
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Coverage	224	252	253	225
CIF Connection Fee Revenue ⁽²⁾	3	-	-	-
Total Revenue for Subordinate Coverage	227	252	253	225
Expenses⁽³⁾				
Total O&M ⁽⁴⁾	133	138	159	163
Rate Stabilization Fund ⁽⁵⁾	37	59	39	7
Total	170	197	198	170
Debt Service Payments				
Senior				
State Loans	-	-	-	-
Revenue Bonds	45	46	46	46
Total Senior Debt Payments	45	46	46	46
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	45	46	46	46
Debt Service Coverage:				
Senior	1.20	1.20	1.20	1.20

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) In fiscal year 2014-15, the City of Los Angeles undercharged District No. 9 for services provided. They later realized their error and sent a corrected invoice for all the undercharged years, which was paid during fiscal years 2016-17 and 2017-18.

(5) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 34,818	\$ 33,639	\$ 34,132	\$ 34,731
Other Revenues	1,398	876	834	1,325
A.V. Tax	1,139	1,227	1,498	1,565
Interest	354	449	543	759
Rate Stabilization Fund ⁽¹⁾	-	1,032	-	-
Subtotal	37,709	37,223	37,007	38,380
CIF Pledged for Debt ⁽²⁾	3,488	3,372	2,788	2,597
Total Revenue for Senior Coverage	41,197	40,595	39,795	40,977
CIF Connection Fee Revenue ⁽²⁾	806	1,360	1,645	1,433
Total Revenue for Subordinate Coverage	38,515	38,583	38,652	39,813
Expenses⁽³⁾				
Total O&M	12,654	12,311	12,832	14,078
Rate Stabilization Fund ⁽⁴⁾	5,650	-	6,750	4,567
Total	18,304	12,311	19,582	18,645
Debt Service Payments				
Senior				
State Loans	-	-	-	-
Revenue Bonds	464	460	460	460
Total Senior Debt Payments	464	460	460	460
Subordinate				
State Loans	6,856	6,856	6,856	6,856
Revenue Bonds	11,110	9,988	9,994	9,995
Total Subordinate Debt Payments	17,966	16,844	16,850	16,851
Total Debt Service	18,430	17,304	17,310	17,311
Debt Service Coverage⁽⁵⁾:				
Senior	10.62	24.87	7.31	11.92
Subordinate	1.10	1.52	1.10	1.22

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 20	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 22,586	\$ 21,734	\$ 23,531	\$ 23,761
Other Revenues	652	523	464	485
A.V. Tax	1,103	1,173	1,303	1,360
Interest	186	265	314	484
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	24,527	23,695	25,612	26,090
CIF Pledged for Debt ⁽²⁾	3,960	2,316	2,398	-
Total Revenue for Senior Coverage	28,487	26,011	28,010	26,090
CIF Connection Fee Revenue ⁽²⁾	674	2,316	1,128	1,043
Total Revenue for Subordinate Coverage	25,201	26,011	26,740	27,133
Expenses⁽³⁾				
Total O&M	10,405	10,282	10,712	12,107
Rate Stabilization Fund ⁽⁴⁾	1,025	2,000	1,721	2,550
Total	11,430	12,282	12,433	14,657
Debt Service Payments				
Senior				
State Loans	-	-	-	-
Revenue Bonds	384	383	383	384
Total Senior Debt Payments	384	383	383	384
Subordinate				
State Loans	3,749	3,749	-	-
Revenue Bonds	8,391	8,391	6,779	10,622
Total Subordinate Debt Payments	12,140	12,140	6,779	10,622
Total Debt Service	12,524	12,523	7,162	11,006
Debt Service Coverage⁽⁵⁾:				
Senior	12.80	4.15	22.97	2.11
Subordinate	1.10	1.10	2.00	1.13

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

District No. 27	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ -	\$ -	\$ -	\$ -
Other Revenues	1	1	-	-
A.V. Tax	305	319	343	355
Interest	3	4	10	16
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	309	324	353	371
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Coverage	309	324	353	371
CIF Connection Fee Revenue ⁽²⁾	-	-	-	3
Total Revenue for Subordinate Coverage	309	324	353	374
Expenses⁽³⁾				
Total O&M ⁽⁴⁾	80	47	27	52
Rate Stabilization Fund ⁽⁵⁾	124	178	231	220
Total	204	225	258	272
Debt Service Payments				
Senior				
State Loans	-	-	-	-
Revenue Bonds	63	63	63	64
Total Senior Debt Payments	63	63	63	64
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	63	63	63	64
Debt Service Coverage:				
Senior	1.67	1.57	1.51	1.55

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) In fiscal year 2014-15, the City of Los Angeles overcharged District No. 27 for services provided. A credit was issued to the District in fiscal year 2016-17.

(5) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Districts Historical Operating Data (\$000)

Santa Clarita Valley	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenue Sources				
User Fees	\$ 25,258	\$ 27,616	\$ 30,749	\$ 33,154
Other Revenues	1,531	754	625	837
A.V. Tax	6,347	6,733	6,912	7,256
Interest	811	1,281	1,393	1,859
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	33,947	36,384	39,679	43,106
CIF Pledged for Debt ⁽²⁾	4,721	4,801	4,801	4,721
Total Revenue for Senior Coverage	38,668	41,185	44,480	47,827
CIF Connection Fee Revenue ⁽²⁾	5,418	4,848	4,206	4,648
Total Revenue for Subordinate Coverage	39,365	41,232	43,885	47,754
Expenses⁽³⁾				
Total O&M	20,251	20,255	20,512	22,536
Rate Stabilization Fund ⁽⁴⁾	4,112	2,249	3,598	10,372
Total	24,363	22,504	24,110	32,908
Debt Service Payments				
Senior				
State Loans	627	627	627	627
Revenue Bonds	3,322	3,321	3,318	3,322
Total Senior Debt Payments	3,949	3,948	3,945	3,949
Subordinate				
State Loans	2,660	2,660	2,659	2,659
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	2,660	2,660	2,659	2,659
Total Debt Service	6,609	6,608	6,604	6,608
Debt Service Coverage⁽⁵⁾:				
Senior	2.95	4.06	4.49	3.10
Subordinate	2.27	2.83	2.99	2.25

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

(5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

CNG Fueling Station

Compressed biogas is used to fuel vehicles.





PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA
ALEXANDER C. HOLM, CPA
ADAM V. GUISE, CPA
TRAVIS J. HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

433 N. CAMDEN DR., SUITE 730
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GOVERNMENTAL AUDIT SERVICES

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Boards of Directors
County Sanitation Districts of Los Angeles County:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the County Sanitation Districts of Los Angeles County (Districts) as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 3, 2018



PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA
ALEXANDER C. HOLM, CPA
ADAM V. GUISE, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Boards of Directors
County Sanitation Districts of Los Angeles County:

Report on Compliance for Each Major Federal Program

We have audited the County Sanitation Districts of Los Angeles County's (Districts) compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018. The Districts' major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the fiscal year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 3, 2018

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Schedule of Expenditures of Federal Awards

For The Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditure(s)
United States Environmental Protection Agency Pass-through Programs			
Passed-through California State Water Resources Control Board State Water Resources Control Board Capitalization Grants for State Revolving Funds	66.458	C-06-8226-110	\$ 5,763,599
State Water Resources Control Board Capitalization Grants for State Revolving Funds	66.458	C-06-8204-110	<u>2,461,594</u>
Total United States Environmental Protection Agency Pass- through Programs			<u>8,225,193</u>
Total Expenditures of Federal Awards			<u><u>\$ 8,225,193</u></u>

See accompanying notes to schedule of expenditures of federal awards

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to the Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2018

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, County Sanitation Districts of Los Angeles County (Districts), and (b) entities which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The consolidated entity of the Districts is:

- The Los Angeles County Sanitation Districts Financing Authority (Authority)

The Authority exists solely to facilitate the issuance of long-term debt. The Authority has no daily operations and does not conduct business on its own behalf. Since the governing body of the Authority is entirely comprised of members of the Districts' Boards and the Authority provides services entirely for the Districts, the Authority's financial activities are consolidated with the Districts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Districts utilize the accrual method of accounting. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the Districts. All Federal financial assistance received was passed-through the State of California.

The Schedule was prepared from only the account of the grant program and, therefore, does not present the financial position or results of operations of the Districts.

3. PROGRAM DESCRIPTIONS

U.S. Environmental Protection Agency

Capitalization Grants For Clean Water State Revolving Funds (CFDA No. 66.458)

Capitalization grants are awarded to States to create and maintain Clean Water State Revolving Funds to: (1) enable States to encourage construction of wastewater treatment facilities to meet the enforceable requirements of the Clean Water Act; (2) increase the emphasis on nonpoint source pollution control and protection of estuaries; and (3) establish permanent financing institutions in each State to provide continuing sources of financing to maintain water quality. The Clean Water State Revolving Fund provides loans and other types of financial assistance (but not grants) to qualified communities and local agencies.

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued	<u> </u>	<u>Unmodified</u>	
Internal control over financial reporting:			
Material weakness(es) identified	<u> </u>	Yes <u> X </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses	<u> </u>	Yes <u> X </u>	None reported
Noncompliance material to financial statements noted	<u> </u>	Yes <u> X </u>	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified	<u> </u>	Yes <u> X </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses	<u> </u>	Yes <u> X </u>	None reported

Type of auditor’s report issued on compliance for major programs:	<u> </u>	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a)	<u> </u>	Yes <u> X </u>	No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>66.458</u>	<u>Capitalization Grants For State Revolving Funds</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee:	<u> </u>	Yes <u> X </u>	No
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SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Status of Prior Year's Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2018

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM
AUDIT**

There were no federal award expenditures in fiscal year 16-17.

Food Waste recycling

SANITATION DISTRICTS OF LOS ANGELES COUNTY



Converting Waste Into Resources



SanDistricts



SanitationDistrictsLACounty

1955 Workman Mill Rd ♦ P.O. Box 4998 ♦ Whittier, CA 90607
www.lacsd.org ♦ (562) 908-4288 ext. 2301 ♦ info@lacsd.org

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 27
HELD IN THE HEARING ROOM OF THE BOARD OF
SUPERVISORS, KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA

December 11, 2018
9:30 o'clock, A.M.

The Board of Directors of County Sanitation District No. 27 of Los Angeles County met in regular session.

There were present: Kathryn Barger, Director from Los Angeles County
Sheila Kuehl, Director from Los Angeles County
Mark Ridley-Thomas, Director from Los Angeles County
Hilda Solis, Director from Los Angeles County
Janice Hahn, Chairperson, Director from Los Angeles County

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board

RE: CHAIRPERSON AND
CHAIRPERSON PRO TEM

A certificate copy of an action taken by the Board of Supervisors of the County of Los Angeles, on December 4, 2018 was presented, stating that pursuant to

Section 7 of the Rules of the Board of Supervisors, Janice Hahn assumed the Office of Chairman of the Board of Supervisors on Tuesday, December 4, 2018, to serve in such capacity until December 3, 2019 or until the election or succession of her successor, and that Supervisor Kathryn Barger was elected Chair pro tem to serve in such capacity until her automatic succession to the position of Chairperson, which places Supervisor Hahn as Chairperson and Supervisor Solis as Chair pro tem of this Board of Directors.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the certificate was accepted and ordered filed.

RE: MINUTES

Upon motion of Director Kuehl, duly seconded and unanimously carried, the minutes of the regular meeting

held September 11, 2018, were approved.

RE: DISTRICT EXPENSES

The following expenses for the months of July, August, and September 2018 were presented and upon motion

of Director Kuehl, duly seconded and unanimously carried, were approved:

Local District Expenses:

Operations & Maintenance (O & M)

\$13,475.11

Capital

8,406.00

District No. 27's Share of Allocated Expenses for O & M and Capital:

Joint Administration

1,105.74

Total Expenses

\$22,986.85

RE: JOINT ADMINISTRATION
INVESTMENT POLICY AND
WASTEWATER FINANCIAL
RESERVE POLICY - ADOPT

Financial policies provide guidance when preparing budgets, adopting rates, and developing long-term capital programs. Use of the Policies will improve financial stability, allow the Districts to better weather periods of economic downturn without having to

impose significant rate increases, and construct capital projects in a timely fashion despite fluctuations in costs from year to year. Last year, the Districts each adopted investment, wastewater financial reserve, and debt management policies. Narrow changes to the investment and wastewater financial reserve policies were presented to the Personnel Committee in September, who unanimously endorsed them. They are now being brought to each Board for consideration and adoption. No changes are being proposed to the debt management policy. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship, and to protect financial and facility assets through prudent investment and maintenance programs.

The Investment Policy currently allows up to 30 percent of each District's funds to be invested in medium-term corporate notes (MTCN) that are rated at least AA. The recommended change would keep the aggregate amount invested in MTCNs at 30 percent, but allow one-third of that amount (10 percent) to be invested in MTCNs rated A. According to Standard and Poor's (S&P) 2017 Annual Global Corporate Default Study and Rating Transitions, there have been no defaults of A-rated MTCNs over the last eight years. In fact, over the last 37 years, the maximum percentage of A-rated MTCNs that defaulted in a single year was only 0.39 percent. This indicates that there is very little risk in allowing investments in A-rated MTCNs. To further mitigate this minimal risk, the policy would also limit the amount that could be invested with any single AA-rated corporate entity to 10 percent and the amount that could be invested with any single A-rated corporate entity to two percent.

The current Wastewater Financial Reserve Policy created a cash flow requirement fund to ensure that sufficient monies will be available to meet on-going expenses in between the periods when key revenues are received, typically April and December when ad valorem (property) taxes are paid. This was done by moving money out of the operating fund into the cash flow requirement fund before the end of each fiscal year and then back into the operating fund at the beginning of the next fiscal year. To eliminate this as a separate fund and incorporate it into the targeted goal for the operating fund would be more efficient.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the Investment Policy and Wastewater Financial Reserve Policy of County Sanitation District No. 27 of Los Angeles County were considered, approved, and adopted. Furthermore, the delegation of authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or exchange securities was renewed for a one-year period.

RE: STANDARD SPECIFICATIONS FOR
PUBLIC WORKS CONSTRUCTION
2018 EDITION, DISTRICT AMENDMENTS
THERE TO, AND STANDARD DRAWINGS
FOR CONSTRUCTION, 2018 EDITION - ADOPT

The *Standard Specifications for Public Works Construction*, commonly known as the "Greenbook," written by a committee of contractors, utilities, and public agencies, including the Sanitation Districts. The 2018 edition, which replaces the 2015 edition, is now available. The new edition reflects editorial changes

and updates construction specifications to meet current practices. The District *Amendments* address specific construction practices pertaining to wastewater and solid waste management projects as well as contractual provisions pertinent to District construction activity. The *Standard Drawings for Construction* contain details of items commonly used in District construction projects.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the *Standard Specifications for Public Works Construction, 2018 Edition*, the District *Amendments* thereto, and the *Standard Drawings for Construction, 2018 Edition*, dated December 2018, superseding the *Standard Specifications for Public Works Construction, 2015 Edition*, the District *Amendments* thereto, and *Standard Drawings for Construction*, were approved and adopted.

The meeting was adjourned by the Chairperson.

JANICE HAHN
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ak

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
NEWHALL RANCH SANITATION DISTRICT
OF LOS ANGELES COUNTY
HELD IN THE HEARING ROOM OF THE BOARD OF
SUPERVISORS, KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA

December 11, 2018
9:30 o'clock, A.M.

The Board of Directors of Newhall Ranch Sanitation District of Los Angeles County met in regular session.

There were present: Kathryn Barger, Director from Los Angeles County
Sheila Kuehl, Director from Los Angeles County
Mark Ridley-Thomas, Director from Los Angeles County
Hilda Solis, Director from Los Angeles County
Janice Hahn, Chairperson, Director from Los Angeles County

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board

RE: CHAIRPERSON AND
CHAIRPERSON PRO TEM

A certificate copy of an action taken by the Board of Supervisors of the County of Los Angeles, on December 4, 2018 was presented, stating that pursuant to Section 7 of the Rules of the Board of Supervisors, Janice Hahn assumed the Office of Chairman of the Board of Supervisors on Tuesday, December 4, 2018, to serve in such capacity until December 3, 2019 or until the election or succession of her successor, and that Supervisor Kathryn Barger was elected Chair pro tem to serve in such capacity until her automatic succession to the position of Chairperson, which places Supervisor Hahn as Chairperson and Supervisor Solis as Chair pro tem of this Board of Directors.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the certificate was accepted and ordered filed.

RE: MINUTES

Upon motion of Director Kuehl, duly seconded and unanimously carried, the minutes of the regular meeting held September 11, 2018, were approved.

RE: DISTRICT EXPENSES

The following expenses for the months of July, August, and September 2018 were presented and upon motion of Director Kuehl, duly seconded and unanimously carried, were approved:

Local District Expenses:

Operations & Maintenance (O & M)
Capital

\$ 31,327.55
49,795.63

Newhall Ranch Sanitation District's Share of Allocated Expenses for O & M
and Capital:

Joint Administration

1,105.74

Total Expenses

\$82,228.92

RE: JOINT ADMINISTRATION
INVESTMENT POLICY AND
WASTEWATER FINANCIAL
RESERVE POLICY - ADOPT

Financial policies provide guidance when preparing budgets, adopting rates, and developing long-term capital programs. Use of the Policies will improve financial stability, allow the Districts to better weather periods of economic downturn without having to impose significant rate increases, and construct capital projects in a timely fashion despite fluctuations in costs from year to year. Last year, the Districts each adopted investment, wastewater financial reserve, and debt management policies. Narrow changes to the investment and wastewater financial reserve policies were presented to the Personnel Committee in September, who unanimously endorsed them. They are now being brought to each Board for consideration and adoption. No changes are being proposed to the debt management policy. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and

prudent financial stewardship, and to protect financial and facility assets through prudent investment and maintenance programs.

The Investment Policy currently allows up to 30 percent of each District's funds to be invested in medium-term corporate notes (MTCN) that are rated at least AA. The recommended change would keep the aggregate amount invested in MTCNs at 30 percent, but allow one-third of that amount (10 percent) to be invested in MTCNs rated A. According to Standard and Poor's (S&P) 2017 Annual Global Corporate Default Study and Rating Transitions, there have been no defaults of A-rated MTCNs over the last eight years. In fact, over the last 37 years, the maximum percentage of A-rated MTCNs that defaulted in a single year was only 0.39 percent. This indicates that there is very little risk in allowing investments in A-rated MTCNs. To further mitigate this minimal risk, the policy would also limit the amount that could be invested with any single AA-rated corporate entity to 10 percent and the amount that could be invested with any single A-rated corporate entity to two percent.

The current Wastewater Financial Reserve Policy created a cash flow requirement fund to ensure that sufficient monies will be available to meet on-going expenses in between the periods when key revenues are received, typically April and December when ad valorem (property) taxes are paid. This was done by moving money out of the operating fund into the cash flow requirement fund before the end of each fiscal year and then back into the operating fund at the beginning of the next fiscal year. To eliminate this as a separate fund and incorporate it into the targeted goal for the operating fund would be more efficient.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the Investment Policy and Wastewater Financial Reserve Policy of Newhall Ranch Sanitation District of Los Angeles County were considered, approved, and adopted. Furthermore, the delegation of authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or exchange securities was renewed for a one-year period.

RE: FINANCIAL PLANNING
NEWHALL RANCH SANITATION
DISTRICT ENGINEER'S REPORT
RECEIVE AND ORDER FILED
SET DATE FOR PUBLIC HEARING

In March 2014, the Board adopted a *Resolution Directing the Chief Engineer and General Manager to Prepare an Engineer's Report for the District* in accordance with the County Sanitation District Act, Health and Safety Code Section 4748. Health and Safety Code Section 4748 provides that the Board shall,

by resolution, employ one or more sanitation engineers to make a survey of the problems of the District concerning sanitation, especially with reference to the matters of sewage collection, treatment, and disposal. The Engineer's Report sets forth a general description of the work proposed to be done to carry out the objectives of the District, a plan and specifications of the work, a description of the property proposed to be acquired, a map showing the boundaries of the District and the location of the work, and an estimate of the cost of the proposed work. The proposed Newhall Ranch Sanitation District Engineer's Report meets the criteria set forth in the Resolution. The Board will examine the Engineer's Report and set a date and time for a public hearing at a subsequent Board meeting to consider approval and adoption. A recommendation was made to receive and order filed the Newhall Ranch Sanitation District Engineer's Report and set the date for a public hearing, March 26, 2019, at 1:00 p.m.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the Board of Directors received and ordered filed the Newhall Ranch Sanitation District Engineer's Report and the date for public hearing was set to March 26, 2019, at 1:00 p.m.

RE: STANDARD SPECIFICATIONS FOR
PUBLIC WORKS CONSTRUCTION
2018 EDITION, DISTRICT AMENDMENTS
THERE TO, AND STANDARD DRAWINGS
FOR CONSTRUCTION, 2018 EDITION - ADOPT

The *Standard Specifications for Public Works Construction*, commonly known as the "Greenbook," written by a committee of contractors, utilities, and public agencies, including the Sanitation Districts. The 2018 edition, which replaces the 2015 edition, is now available. The new edition reflects editorial changes

and updates construction specifications to meet current practices. The District *Amendments* address specific construction practices pertaining to wastewater and solid waste management projects as well as contractual provisions pertinent to District construction activity. The *Standard Drawings for Construction* contain details of items commonly used in District construction projects.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the *Standard Specifications for Public Works Construction, 2018 Edition*, the District *Amendments* thereto, and the *Standard Drawings for Construction, 2018 Edition*, dated December 2018, superseding the *Standard Specifications for Public Works*

Construction, 2015 Edition, the *District Amendments* thereto, and *Standard Drawings for Construction*, were approved and adopted.

The meeting was adjourned by the Chairperson.

JANICE HAHN
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ak